

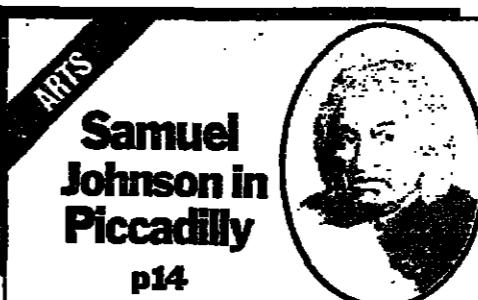
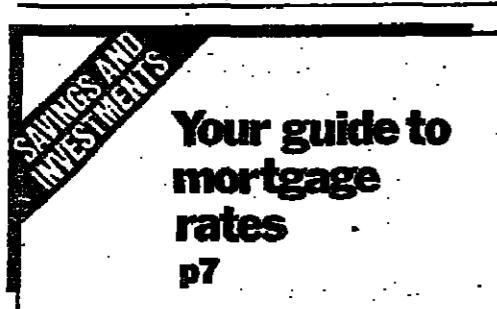
# FINANCIAL TIMES

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## WORLD NEWS

## Man freed after 15 years' jail

The Court of Appeal yesterday freed Geoffrey Mycock, 37, after he had served 15 years of a life sentence for murder.

His conviction in 1969 was based mainly on evidence from discredited Home Office forensic scientist Dr Alan Clift. The Crown did not oppose the appeal.

Ten other cases involving Dr Clift's evidence have been referred to the court by Home Secretary Leon Brittan. Two appeals have been rejected, and the court earlier suggested the Home Office had not considered carefully enough which cases deserved a review.

Mr Mycock said he would seek compensation.

## Argentina blamed

The Government said a change of heart by Argentina caused the breakdown of talks on normalising relations. Back, Page

## Schools Bill dropped

The new French Government withdrew the Socialists' controversial private schools Bill. Page 2

**Nigeria cools Dikko row** Nigeria is apparently trying to take the heat out of the row over the Dikko kidnapping. Page 2

## Soviet truck held

A Soviet truck with nine tons of freight is being held by West Germany, after leaving Geneva for Moscow because the Swiss refused to accept it was a diplomatic bag. Page 3

## Busloads of defectors

A group of 119 Polish Roman Catholics bound for Rome left their buses in Vienna and asked for political asylum, the biggest mass defection since the World Cup in 1982.

**Israel polls back Labour** Two polls made Israel's opposition Labour Party favourites to win Monday's election—but forming a coalition will be as hard as ever. Page 2

## Dutch warn Unesco

The Netherlands warned it might leave the UN Educational, Scientific and Cultural Organisation (Unesco) if it was not reformed. Britain and the U.S. have given similar warnings.

## Safer by air

Deaths from air accidents dropped from 0.17 to 0.05 per 100m passenger-kilometres between 1973 and 1982, a Swiss study showed. Page 2

## S. African tour ban

New Zealand Premier-elect David Lange said he would ban South African sports teams, but New Zealanders would not be refused passports to play in South Africa.

## Sunless Saturday

The Sun newspaper will not appear today because of a strike by journalists. It was yesterday fined £5,000 for contempt of court over a headline and photograph published with a report of a baby-battering trial.

## Pump for information

Shell is to launch a game called Shell Mastermind, based on the TV series, at petrol stations, with 40,000 prizes a day. Feature, Page 17

## Financial Times

Production difficulties may have resulted in typographical errors in today's edition, for which we apologise.

## MARKETS

## DOLLAR

New York lunchtime: DM 2.8585  
FFr 8.7775  
SwF 2.424  
Y245.15

London: DM 2.5888 (2.5445)  
FFr 8.7625 (8.725)  
SwF 2.4175 (2.407)  
Y244.85 (243)

Trade Weighted 126.9 (136.8)  
Tokyo close Y243.4

## U.S. LUNCHTIME RATES

Fed Funds 10.13%  
3-month Treasury Bills: 10.13%  
Long Bond: 10.0%  
Yield: 13.17

## GOLD

New York: Comex July latest  
1/4: \$341.25 (\$350.75)  
Gold price: \$345.27 (-143.52)  
Gold price: \$345.27 (-143.52)

## BUSINESS SUMMARY

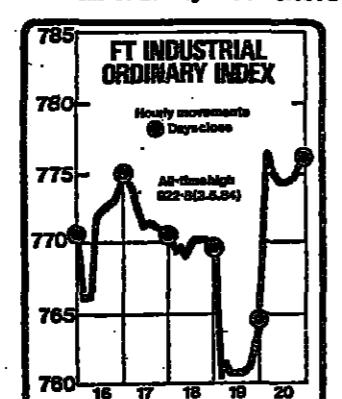
## British Gas privatisation Bill delayed

BY BRIAN GROOM, LABOUR STAFF

LEGISLATION providing for the privatisation of some of British Gas's activities has had to be put off for a year, largely because of delaying tactics by Energy Secretary Peter Walker and British Gas chairman Sir Denis Cooke.

The enabling Bill had been pencilled in for the coming 1984/85 session but has now been dropped from the list for this November's Queen's Speech. Back Page

**EQUITIES** gained on prospects of a dock strike settlement, although worries about rising U.S. interest rates damped buyers' enthusiasm. The FT Industrial Ordinary Index closed



11.5 up at 776.2 for a rise of 5.5 on the week. The Bank of England took advantage of a recovery in gilt yields to announce the issue of £700m of existing stocks on Monday. Page 22

**DOLLAR** firmed on fears of higher U.S. interest rates; its trade-weighted index equalled Wednesday's record high of 136.9. Sterling lost 25 points against the dollar to close at £1.324 but gained against European currencies on prospects of a dock strike settlement; its trade-weighted index rose from 78.6 to 78.7. Page 21

**oil** majors told the British National Oil Corporation that they would expect to reopen talks on official North Sea crude prices if spot prices did not improve soon. Page 3

**NATIONAL SAVINGS:** The 27th issue of certificates, launched in April but quickly undermined by rising interest rates, is to be suspended. A new issue will be introduced on August 8 yielding a tax-free return over five years of 9 per cent a year. Page 3

**INTER-CITY** Enterprises, the Government-backed body set up by City institutions to promote investment in inner city development, failed to generate any projects in its first year. Page 4

**BOLIVIA** told its commercial bank creditors that it needed another three months before it could resume interest payments on its foreign debt. Page 2

**ROLLS-ROYCE** Motors opened a campaign to revive its Bentley marque with the launch of two new models—the Eight, at £24,497, and the Continental, at £26,108. Page 3

**ALLIS-CHALMERS**, U.S. farm and process machinery maker, hit by continuing stagnation in the U.S. agricultural equipment market, cut first-half losses from \$2.9m to \$2.77m (£21m). Page 19

**LONDON MONEY**

3-month interbank: mid rate 12.5% (12.4%)  
3-month eligible bills: buying rate 11% (11%)

**STOCK INDICES**

FT Ind Ord 776.2 (+1.1%)  
FT-A All Share 273.41 (+0.5%)

FT-SE 100 1,095.8 (+0.8%)  
FT-All long gilt yield index: High coupon 11.28 (11.35)

New York lunchtime:  
Tokyo: DJ Ind Av 1,010.15 (-1.7%)

London: Nikkei Dow 2,945.27 (-143.52)

Gold price: \$345.27 (-143.52)

Foreign Exchange: Gardening

10

## Docks peace formula approval likely today

BY BRIAN GROOM, LABOUR STAFF

SHOP STEWARDS representing 35,000 docks and waterways workers are today expected to approve a peace formula to end their two-week national strike and allow Britain's ports to return to normal working on Monday.

Hundreds of dockers in at least 11 ports jumped the gun by returning to work yesterday, one the national peace formula had been drawn up during 16 hours of talks at the London headquarters of the Advisory, Conciliation and Arbitration Service.

All cross-Channel ferries were sailing normally, after stranded lorry drivers lifted their blockade of Continental ports. The situation eased further when the National Union of Seamen suspended its ban on the movement of Sealink freight traffic. The union had been protesting at the Government's plan to privatisate Sealink, now sold to

The Institute of Directors said a return to work would undermine support for Mr Arthur Scargill, the miners' union leader, and his frankly politicised campaign against the Government.

Union leaders insisted that they had not been influenced by the collapse of the Dover dockers' strike on Thursday night, under threats of violence from stranded lorry drivers.

Workers at Felixstowe, the

country's biggest container port, returned to work yesterday. They might have gone back even if there had been no settlement.

According to reports reaching employers' organisations in London, dockers went back yesterday at Poole, Plymouth, Portsmouth, Ipswich, Great Yarmouth, Middlesbrough, Shoreham, Harwich, North Shields and Wisbech. Dockers at South Shields and some Medway ports are expected to return today.

At most of the big ports like Liverpool and Hull, dockers will hold mass meetings tomorrow to vote on the outcome of the delegate conference.

A settlement would remove a serious threat to the economy which had alarmed Ministers and the City. The breakthrough was welcomed by Mr Nicholas Ridley, the Transport Secretary, and the Confederation of British Industry.

The peace formula, details of which have not been disclosed, seems to allow both sides to salvage some dignity. Employers believe they have not caved in to the union demands, but one union negotiator said: "We have got the guarantees we were seeking."

The Transport and General Workers' Union wanted a guarantee that clause 10 of the National Dock Labour Scheme,

Continued on Back Page

Countdown to confrontation, Page 4

## BBC faces independent audit

BY RAYMOND SNODDY

THE GOVERNMENT has called for an independent audit of the corporation's financial and managerial performance of the BBC.

The BBC said yesterday that its board of governors had agreed to a request from Mr Leon Brittan, the Home Secretary, that there should be a "value for money" inquiry by independent consultants into the BBC's domestic services.

This is the first time a Home Secretary has called for such an inquiry. Its results are clearly intended to provide a benchmark for negotiations, due to start in the autumn, for a new, three-year television licence fee for the BBC.

Mr Stuart Young, the chairman of the BBC, said last night: "I and fellow governors think it is entirely right that we take every opportunity to establish in the minds of members of Government and licence fee payers that the corporation is run efficiently and effectively, and with proper regard to the financial disciplines."

The BBC said its performance was under continuous internal review but that the organisation "had no wish to stand in the way of the Home Secretary's

broad objective to ensure that the corporation is making the best use of its resources."

The present licence fee of £46 will bring the BBC about £700m this year. The corporation has yet to decide how much it will be seeking for the new fee, which will be effective from next March, but has implied that it will need much more than £60 if it is to compete with the ITV companies.

Mr Brittan recently made clear that he supported the concept of a universal licence fee and valued the tradition of public service broadcasting. But he warned the BBC that it would have to demonstrate that it was giving value for money and that a proper balance would have to be struck between the needs of the corporation and those of the public.

The review will be appointed by the BBC. Discussions on the terms of reference and the choice of consultants will be held with the Home Office soon.

Yesterday, apparently by coincidence, the Government announced it is to carry out an extensive review of the efficiency and effectiveness of the BBC's External Services.

NatWest will raise its stake 100 per cent as soon as Stock Exchange rules permit. The terms of the deal are not being disclosed, but the price is likely to take up only a small part of the £236m rights issue announced by the bank on Thursday to finance expansion in the financial services industry.

NatWest already has a 29.9 per cent holding in Bisgood, Bishop, the stockbroking firm, which it also intends to increase to full ownership. Its plan is to link the two firms with County Bank, NatWest's merchant bank, to create a Wall Street-style investment bank.

Mr Charles Villiers, the chief executive of County Bank, which negotiated the deal, said yesterday: "We want an organisation which can act as an issuing house, a broker and a jobber. The logic of getting the three together is very strong."

The deal comes only 24 hours after the Stock Exchange published its "green paper" forecasting an end to the distinction between stockbrokers and jobbers and the introduction of dual capacity.

Fielding, a long-established firm which ranks 17th in the SE league, employs about 200 and is best known for its expertise in brewery, building materials and oil stocks, and in index-linked gilts. NatWest is looking to expand the Fielding stockbroking business at a steady pace.

Mr Villiers said the bank had chosen Fielding because its scope for growth would provide a strong motivation for people

working there. "Golden handcuff" deals are nevertheless understood to have been made, to provide a financial incentive for key people to stay on after NatWest assumes full control.

NatWest is the only clearing bank which has committed itself to buying 100 per cent of both a stockbroker and a jobber. Midland Bank, through Samuel Montagu, its merchant banking subsidiary, has so far only made a deal with broker, Greenwell and Co. Barclays has forged links with de Zoete and Bevan, the stockbroker, and Wedd Durlacher, the jobber, but is not committed to buying full control.

Mr James Dundas Hamilton, of Fielding Newson-Smith, said yesterday: "I believe that in the new securities industry we will need a substantial capital base."

I can think of no more a substantial capital base than National Westminster Bank."

Lex, Back Page

## NatWest to buy 5% of stockbroker

BY DAVID LASCELLES

NATWEST, the UK's second largest bank, yesterday agreed to buy a 5 per cent stake in Fielding Newson-Smith, the London stockbroking firm. The move is the final step towards an integrated securities business.

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## OVERSEAS NEWS

## Nigeria cools row over Dikko kidnap

By Andrew Gowers in Lagos

**NIGERIA** appears to have made a determined effort to take the heat out of its row with Britain over the Dikko kidnapping affair. For the moment the dispute has all but evaporated, almost as suddenly as it began more than two weeks ago.

Nigerian officials have consistently expressed the hope that both sides will allow the matter to subside.

The trial of four men detained after the failed attempt to abduct Alhaji Umaru Dikko, the fugitive Nigerian politician, could inflame tensions. However, the Nigerian media, which waged a vituperative campaign against Britain in the immediate aftermath of the kidnap fiasco, has in the past few days quietened considerably and begun to focus again on domestic problems.

Observers in Lagos remain puzzled by the peculiar virulence of the anti-British outburst, which was probably the strongest outburst against the former colonial power since the 1960s.

Many trace it back to a speech given by one of Nigeria's rulers—by coincidence on the day of the kidnapping—in which he attacked Britain to the British High Commissioner's face for various alleged political and economic slights.

Brigadier Tunde Idiagbon, chief of staff at supreme headquarters, and regarded as one of the regime's more radical voices, said: "British support for Nigerian nationality and prosperity has persistently faltered since Nigeria became a republic."

British businessmen, meanwhile, who exported some £300m worth of goods to Nigeria last year, report that they have felt absolutely no fall-out from the diplomatic explosion.

However, there seems no prospect of the two countries being able to post their respective High Commissioners again in the foreseeable future.

There is every sign that the Nigerian people solidly support the kidnap attempt which, had it succeeded, would have brought back for trial one of the most reviled figures of the former civilian administration.

## Israeli polls show Labour ahead

BY OUR TEL AVIV CORRESPONDENT

**THE OPPOSITION** Labour Party has established itself as the favourite for Monday's Israeli general election but opinion polls suggest that forming a coalition government could be just as complicated as in the past.

Two polls published yesterday showed that Labour, whose lead over the Right-wing Likud Government seemed to be slipping, had pulled ahead again.

They also reported, however,

that small parties will capture between a quarter and a third of the 120 Knesset seats, raising the possibility of protracted coalition negotiations which will further delay long-awaited economic measures.

A poll in the afternoon news-

paper Yediot Ahronoth showed Labour winning 49 seats, Likud 37 and the remaining 34 shared by about a dozen factions.

Another survey, a Gallup Poll in the newspaper Hadashot, reported the gap was bigger with Labour commanding 42 per cent support and Likud 28 per cent. The findings suggest there was only a slim chance Labour could put together a government without turning to the bickering religious parties.

Labour leader Shimon Peres would prefer his coalition partners to be the left-wing Shinui and Citizen's Rights movements and Yahad, a centre-right list headed by former Defence Minister Ezer Weizman. It

Minister Peres is unlikely to be prepared to serve under Mr Peres

to save the inflation-inflicted economy—the issue that has dominated the campaign.

In an interview with the Jerusalem Post, Mr Shamir made clear his resentment towards the little political parties who have held the balance of power for years and urged electoral changes.

Mr Peres has so far dismissed grand coalition talk as an election gimmick, saying he would be unable to agree a firm, effective programme with Likud.

According to the opinion polls, support for the small parties has grown as the campaign continued and up to 18 of them could win seats on Monday under Israel's proportional representation system.

## Tug of war over Soviet diplomatic baggage

BY RUPERT CORNWELL IN BONN

**MOSCOW** and Bonn were last night conducting an uncomfortable diplomatic tug of war over a Soviet lorry with nine tons of mysterious freight, which is being held by West German customs at the Helmstedt border crossing into East Germany.

At the same time it became

increasingly uncertain whether the Government would succeed in getting its proposals for a referendum on civil liberties through the two houses of Parliament.

The uncertainty over President Mitterrand's project for a

referendum on civil liberties stems from the hostility towards the proposal in its present form from the Opposition.

The Cabinet approved on

Thursday night the text of an amendment to the constitution which has now to be approved by both the Senate and the Assembly before being submitted to a referendum in September.

The text calls for referendums to be held in cases of an encroachment on "fundamental guarantees of civil liberties".

In a reference to the current overshooting of the Government's pledged ceiling on the budget deficit, M. Berezovsky, a senator, said that "nothing is worse than a deficit which lasts, as deficits which grow".

The Prime Minister will outline the Government's policies on Tuesday before seeking a vote of confidence in the National Assembly.

Removing all doubt over the future of the private schools legislation, the Government yesterday withdrew the Bill from the agenda on the extraordinary summer session of the National Assembly.

It was only in May that the Government made the Bill—an issue of confidence before the Assembly. Last month over 100 people protested against it in a march in Paris.

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Unless the two houses can agree on the text of an amendment, no referendum can be held. In that case the Opposition would successfully have sabotaged President Mitterrand's project for a new test of public opinion—though at the risk of being blamed for putting political tactics first.

## French Government plan for referendum on rights put in doubt

BY DAVID HOUSEGO IN PARIS

**THE NEW** French Government of Prime Minister Laurent Fabius yesterday formally withdrew the "Socialists" controversial school privatisations Bill.

At the same time it became

increasingly uncertain whether the Government would succeed in getting its proposals for a

referendum on civil liberties through the two houses of Parliament.

Uncertainty at the composition of

M. Fabius's administration contributed to a sharp fall in share prices on the Paris Bourse which shed 2.3 percentage points during the day.

M. Pierre Berezovsky, the Finance Minister, pledged he

would follow the same and inflationary policies as M. Jacques Delors, his predecessor.

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public opinion—though at the risk of being blamed for putting political tactics first.

## Air travel 'has become significantly safer'

BY JOHN WICKS IN ZURICH

**TRAVEL** by air has become significantly safer over the past few years, according to a study published by Swiss Reinsurance Company.

Between 1973 and 1982, the number of fatalities dropped from 0.17 to 0.08 for every 100m passenger-kilometers flown.

These figures, which exclude

civil aviation operations in the Soviet Union, show there has been an actual decline in the total of aircraft accidents despite an annual growth of 7.4 per cent in the number of passenger-kilometres flown.

However, an average of some

25 accidents with about 740 fatalities occurs annually.

Aircraft value has risen 113 per cent in the period 1978-83 alone, to a current level of almost \$108m (£75m). At the same time, hull premiums went up by only 93 per cent between 1978 and last year, meaning a fall from 0.47 to 0.43 per cent of fleet value.

This has meant unfavourable underwriting results for aviation insurers. Swiss Reinsurance says: "With a loss ratio of even 30 per cent considered 'by no means satisfactory'." The ratio has exceeded 100 per cent in four of the past six years.

The statement seems calcu-

lated to keep the political pres-

sure on the Reagan Administra-

tion which will have to make

the final decision on whether to implement the ITC's recom-

mendations. The steel industry is

concerned that when the de-

cision is made the ITC's pro-

posals, which they say are

inadequate, will be watered

down further because of the

international pressure being

brought to bear.

They added: "The ITC's recommendations do absolutely nothing to help major seg-

ments of the steel industry and

could lead to further devasta-

tions in dozens of steel communi-

ties."

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brought to bear.

In a bid to curb imports of

radial tyres from South Korea, the major U.S. tyre manufacturers, including Goodyear and Firestone, filed a complaint with the Commerce Department alleging that the South Korean manufacturers, Samyang, Tyre and Hankook Tire Manufacturing, are exporting at

U.S. prices below those in

the South Korean home mar-

ket.

The last two companies, both

of which are government-owned,

want to exploit their existing

road and rail networks as

routings for optical fibre cables

## Age of sail returns—Japan style

BY ROBERT COTTRILL IN TOKYO

**IT WAS** a grim time for nautical nostalgia buffs this week as the age of sail returned to the high seas, writes Robert Cottrell in Tokyo.

Aqua City, a 31,000-ton twin-masted freighter, gusted out of the Japanese port of Yokohama on its two-week maiden voyage to Vancouver.

It would be picturesque to report that its white sails billowed in the breeze as the vessel ran before the wind. However, Aqua City's twin sails are of rigid vinyl chloride and polyester canvas, stretched taut on steel frames. Their angle to the wind is controlled, not by physical exertions but by computer.

Its sails serve as auxiliary motive power to the ship's conventional diesel engines. The shipbuilder, Nippon Kokan, says the auxiliary sails should provide useful energy savings. Nippon Kokan estimates that, with the ship maintaining an average speed of 14 knots, the sails could save 7 per cent of engine power in a wind of ten metres per second, and perhaps 30 per cent in a wind of 20 metres per second.

The auxiliary sail system was developed jointly by Nippon Kokan and the Japan Maritime Machinery Development Association.



## Japan set to pass communications Bills

BY ROBERT COTTRILL IN TOKYO

**JAPAN'S** House of Representatives yesterday approved three Bills providing for "privatisation" of Nippon Telegraph and Telephone Public Corporation (NTT), and curtailment of its monopoly powers.

The target date for enactment of the legislation, which is expected to transform the structure of Japan's domestic telecommunications industry, is April 1 1985.

The NTT Bills will now go to the Upper House of Japan's bicameral Diet (parliament), though it is uncertain whether the Upper House will have time to consider them before the adjournment of the current Diet session on August 8.

In its last published accounts, for the year to March 31, 1983, NTT showed equity capital equipment to \$19.3bn (£14.6bn), and reported net profits equivalent to \$1.5bn.

The last two companies, both

of which are government-owned,

want to exploit their existing

road and rail networks as

routings for optical fibre cables

Four groups have declared their interest in providing nationwide common-carrier communications services in Japan following curtailment of NTT's monopoly powers.

They are: "Daishin Den-Den," a consortium of large companies led by Kyocera, the electronic manufacturer; Kiedaren, Japan's leading business and industry federation; the Japan Highways public corporation; and Japan National Railways.

The last two companies, both

of which are government-owned,

want to exploit their existing

road and rail networks as



## UK NEWS

## Tax avoidance schemes threatened

BY CLIVE WOLMAN

**SCHMES** to allow the elderly to pass on wealth without paying capital transfer tax have been threatened, apparently because of a House of Lords ruling on tax avoidance.

In recent months, the capital taxes offices of the Inland Revenue have declined to approve launches of perhaps the most popular version of CTT avoidance.

In the last three years, schemes have attracted an estimated £1bn, which had been invested in single-premium bonds of life assurance companies.

The schemes being denied approval are designed to allow assets worth more than £64,000, ten-yearly exemption from CTT to be given away without paying tax. Income from the assets can continue under the schemes and the ultimate bene-

fitary can be changed.

The schemes depend on a combination of two artificial life assurance policies, neither of which can be justified actuarially. One policy, of term assurance, which is designed to be of negligible value plus a sizeable sum only if the holder lives beyond the age of 105.

Life companies sought to impose a higher age but the actuarial tables did not go beyond this.

Four companies are able to market these "discounted gift" schemes. The most successful, by Legal & General, has attracted more than £190m. At least two other companies, Royal Life and Save & Prosper, have submitted plans to the Inland Revenue to launch virtually identical schemes in the last 18 months and have so far

been denied approval. Royal Life has been waiting since January last year and Save & Prosper since a month after that.

Mr John Percival, of Save & Prosper, said: "We have been given no explanation for the delay. They have been stalled. There is no difference between our scheme and earlier ones."

Mr Percival, like several tax accountants and lawyers, believes that the reason is connected with a landmark case,

*Furness v Dawson*, which passed through the courts in 1983 and was resolved by the House of Lords in February.

The Law Lords ruled that any step inserted into a composite transaction purely for the purposes of avoiding tax could be disregarded by the courts.

That case involved the attempted avoidance of capital gains tax. There has been no ruling on how the principle would apply to capital transfer tax.

If the Inland Revenue continues to challenge the discounted gift avoidance schemes, however, other types of CTT avoidance scheme, which usually involve making interest-free loans, could be threatened.

People who have put money into the schemes could find them costly to undo, not least because of the high commission charges paid.

Both the Inland Revenue headquarters in Somerset House and the capital taxes offices declined to comment beyond saying that the implications of the *Furness v Dawson* case are being reviewed.

## BCal gives jobs pledge to BA staff

By Michael Donne,  
Aerospace Correspondent

BRITISH Caledonian, the independent airline seeking to take over a substantial number of routes from British Airways, has reaffirmed that this would not involve BA staff losing employment.

Sir Adam Thomson, chairman of BCal, said yesterday that his airline was prepared to offer jobs to BA staff involved in the routes transferred and aircraft purchased.

Sir Adam was replying to the statement by Lord King, chairman of BA, that if the full transfer of European and long-haul routes proposed by the Civil Aviation Authority were implemented, it would cost up to 3,600 jobs, and BA would lose almost £300m in annual revenues.

Sir Adam could not give a precise figure for the number of staff to whom BCal would offer jobs, as the CAA proposals were still being considered. But he promised "close consultation" with unions.

The CAA this week supported transferring routes from BA to the independent sector.

The Government's views are still awaited.

## BMW challenges survey findings

By JOHN GRIFFITHS

**THE PRICES** of some BMW cars are lower in the UK than in Belgium or West Germany, the managing director of BMW (GB) claimed yesterday.

Mr Paul Layzell was reacting to a Consumers' Association survey which concluded that family cars cost as much as £2,000 more in the UK than on the continent, and that "the sky's the limit" on luxury car savings.

Mr Layzell said that BMW's cheapest 318 model cost £106 less, and its 628 Csi coupé £1,800

less, in the UK than in Belgium. A 628 Csi cost £1,000 more in West Germany, with a saving of only £4 on a 732i ordered in West Germany rather than Britain.

For the purpose of his comparison, Mr Layzell worked on exchange rates of DM 3.72 and £Fr 76 to the pound.

The comparisons, however, do not directly reflect showroom prices of identical models. For example, the UK price of a 320i, net of tax but including delivery, is £7,558. BMW was

unable to give the pre-tax Belgian price of a left-hand-drive 320i, but, using Mr Layzell's exchange rate, the car's maximum price in Belgium would be £6,523.

To reach its Belgian price of £7,566 for a right-hand-drive 320i to UK specifications, the company adds £500 for right hand drive, £93.75 for other fittings, £250 for travel to pick up the car, £90 for type approval and £100 for the first two services, which would be free on a model bought in the UK.

## Ship insurer loses appeal over sinking

By RAYMOND HUGHES, LAW COURTS CORRESPONDENT

**THE LOSS** of an elderly Panamanian cargo ship in the Mediterranean six years ago posed a problem for three Appeal Court judges yesterday.

Few tales of the sea, said Sir John Donaldson, Master of the Rolls, could be stranger than that of the Popi M, which sank suddenly in deep water, in near perfect weather conditions, without another vessel in sight.

There was no suggestion that she had been scuttled or was unseaworthy, said John.

But the hull plating suddenly opened up, and that, coupled with other misfortunes, resulted in the sinking.

The vessel's insurers appealed unsuccessfully against a Com-

mercial Court decision that the Popi M was lost through a peril of the seas (under the 1906 Marine Act) against which her owner, Rhesa Shipping Co, was covered.

Sir John said that Rhesa's theory was that the vessel might have been struck by a submarine, "although neither side nor half of one was ever seen."

The underwriters' suggestion was that she had been so decrepit that she fell apart.

In the Commercial Court Mr Justice Bingham concluded that, "despite the inherent improbability, and despite the disbelief with which I have throughout been inclined to

regard it, the owner's submarine hypothesis must be accepted as, on the balance of probabilities, the explanation of this casualty."

The underwriters complained that the judge had, in fact, decided the case on the balance of improbabilities: preferring a cause he had admitted to be inherently improbable, merely because the alternative was impossible.

Sir John decided that the underwriters had not satisfied him that the judge, who had had the benefit of seeing and hearing the witnesses, had been wrong.

Lord Justice O'Connor and Lord Justice May agreed.

## APPOINTMENTS

## New chief for Institute of Directors

Sir Kenneth Corfield, has been elected president of the INSTITUTE OF DIRECTORS. Sir Kenneth, who is chairman and chief executive of Standard Telephones and Cables, joined the Institute in 1959, became an elected member of Council in 1980 and a vice-president earlier this year. Former president, Lord Erroll of Hale has been appointed chancellor of the Institute.

Manston (Contractors), a member of the Espley-Tyss Construction Group, has appointed a new team following the departure of Mr R. J. Gilman to pursue his private interests. Mr Gary E. Wakeham, chairman and chief executive of Espley-Tyss Construction Group and a director of Espley Trust, the parent company, becomes chairman of Espley-Manston Construction and Mr John A. Keestey becomes sole managing director and deputy chairman of the re-constituted company. Mr L. Peter Nelson becomes director (estimating) and Mr Gary Ellington becomes director (surveying). Mr John R. P. Poole, finance director of Espley-Tyss Construction Group, joins the board.

Mr E. G. Smethurst, sales director of THE GOODYEAR

TYRE & RUBBER CO (GREAT BRITAIN) will be retiring from September 30. He will be succeeded by Mr G. E. Lawrence, managing director of Tyreservices Great Britain. Mr M. Smethurst will remain at the board and serve in an advisory capacity after September 30.

STEELCASE STRAFOR (UK) has made Mr Jack Spalding its managing director. Mr Spalding joined Steelcase at its headquarters in Grand Rapids, Michigan in 1968. He began as divisional sales manager and went on to become the vice president of human resources.

WINCHESTER BOWRING has appointed Mr R. G. Ratty and Mr J. E. Sparkes directors. Mr M. W. Galafanti, Mr R. A. Lay, Mr M. B. Swaine have become departmental directors and Mr S. Doyle and Mr J. S. White assistant directors.

GENERAL FOODS has appointed Mr Noel McCluskey as personal director following the departure of Mr S. M. Curt Mairs as vice-president and communications to Entemann's/Orwheat part of General Foods Corporation. Mr McCluskey has been with General Foods since 1970 when GF bought Windsor Foods, a pet foods company in Portadown.

Mr Neil Aldred has been appointed director of marketing for MASSTOR SYSTEMS. IN-

TERNATIONAL. Mr Aldred replaces Mr Michael Beadmore, who has been named vice-president of marketing for Mastor Systems Corporation, the parent company based in Sunnyvale, California. Mr Aldred was director of marketing for Mastor Systems (UK).

Mr Andrew Wassell will become managing director of ALLEVIL HOMES on October 1. At the same time, Mr Wassell will join the board of Y. J. Lovell (Holdings), as well as becoming chairman of the Lovell Homes regional subsidiary companies. Mr Wassell was a director of Countryside Properties. Mr Peter Davis, managing director of Lovell Homes, will become deputy chairman of that company. He will continue to serve on the board of Y. J. Lovell (Holdings), assuming additional responsibilities on special assignments on its behalf.

Mr James R. Nicholson has been appointed a director of THE FLEMING ENTERPRISE INVESTMENT TRUST.

Mr G. D. Richards has joined P. I. CASTINGS and AICAL as general manager and has been appointed to the board of both companies.

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## UK CONVERTIBLE STOCK 21/7/84

Name and description	Size (£m)	Current price	Terms*	Con- version dates*	Flat yield	Red yield	Premium			Equi Income	Conv Div*	Current	
							Current	Range*	Current				
British Land 12pc Cv 2002	9.60	376.00	333.3	80-87	3.2	-2.8	-7 to -2	27.8	30.4	0.7	+ 3.4		
Hanson Trust 9pc Cv 01-06	81.54	299.50	160.7	35-01	3.3	-6.9	-8 to 2	169.3	73.3	-30.1	-24.3		
Slough Estates 10pc Cv S7-80	5.03	271.00	234.4	78-85	3.7	-6.8	-11 to -1	13.7	4.8	-3.1	+ 3.7		
Slough Estates Spc Cv 91-94	24.72	116.00	97.5	80-88	6.9	5.3	-41	-5 to 2	22.3	22.6	0.3	+ 4.3	

\* Number of ordinary shares into which £100 nominal of convertible stock is convertible. The extra cost of investment in convertible expressed as per cent of the investment in the convertible. Income expressed in pence, is summed from present time until conversion at 10 per cent per annum and is present value at 12 per cent per annum. Income on £100 of convertible expressed as per cent of the value of the underlying equity. The difference between the premium and income expressed as per cent of the value of the underlying equity. + is an indication of relative cheapness. - is an indication of relative dearth. Second date is assumed date of conversion. This is not necessarily the last date of conversion.

## LABOUR

## EETPU wins sole rights at Hitachi TV plant

By Robin Reeves,  
Welsh Correspondent

**THE ELECTRICIANS' union** EETPU and Hitachi have agreed a radical industrial relations package at the Japanese group's television plant at Hirwaun, South Wales.

It is the Inland Revenue who are threatening to challenge the discounted gift avoidance schemes, however, other types of CTT avoidance scheme, which usually involve making interest-free loans, could be threatened.

People who have put money into the schemes could find them costly to undo, not least because of the high commission charges paid.

Both the Inland Revenue and the capital taxes offices declined to comment beyond saying that the implications of the *Furness v Dawson* case are being reviewed.

It has, however, made more than 400 people redundant since taking full control of the factory from GEC earlier this year.

Mr Wyn Bevan, EETPU district officer, signed a 36-page document enshrining the deal late Thursday after 320, 85 per cent of his union's members at the plant, representing a majority of shopfloor workers, voted by secret ballot to accept it.

Six other unions at the factory are fighting the agreement, not least because of the loss of negotiating rights.

A branch meeting of the second largest, the Amalgamated Union of Engineering Workers, voted 89 to two against the deal.

The others — ASTMS, APEX, AEUM (TASS), UCATT, and the TGWU — are awaiting the outcome of a formal complaint on Tuesday to the TUC at the EETPU's co-operation with Hitachi over single union negotiating rights.

Hitachi insists it intends to implement the deal from August 10. Assuming it sticks, this will be the first time that single union negotiating rights have been introduced at a long-established manufacturing plant.

The permanent consultation machinery will take the form of a "company members board" of six management and 11 trade union representatives, elected by secret shop floor ballot, empowered to discuss all aspects of the company's affairs.

Elaborate procedures will try to settle disputes by conciliation, secret ballots and, as a last resort, pendulum arbitration. Both sides bind themselves to accept the judgment of an arbitrator who must pronounce in favour of either management or employees, rather than recommending something in between.

Mr Bevan stressed the new procedures did not amount to a "no strike" clause.

Mr Pelham A. Allen has been appointed group financial director of UNITED LEASING. Miss Louise Oddy has been appointed company secretary.

Mr Michael Turnbull has been appointed to the newly-created position of director of marketing for THORNTON BAKER. He joins Thornton Baker from PA Management Consultants where he was a regional manager in charge of client management.

Mr Vic Becker has been promoted from business and general manager to managing director of THALASSA OFFSHORE (SCOTLAND). He joined the company from Solus Ocean Systems of Houston where he was area manager for Europe.

Mr G. D. Richards has joined P. I. CASTINGS and AICAL as general manager and has been appointed to the board of both companies.

Mr Neil Ald

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id do...

## THE WEEK IN THE MARKETS

## Time to watch the grass grow

LONDON  
ONLOOKER

FACED WITH striking miners and dockers, institutional investors seemed happy enough to sit and watch the grass grow this week. Peace at the quayside could inject life into an otherwise moribund market but it seems highly unlikely that any lift in equity prices could be sustained while the NUM and the NCB remain at loggerheads.

One major fear is that industrial unrest will spread into other industries as summer gives way to autumn. When, and how, the miners' strike is settled will be the key but if strikes spread, equities could come down with a bump.

But for the present those whose business it is to try and predict the market's next move are finding their crystal balls unusually cloudy. U.S. interest rates are as important as the domestic political scene — UK and U.S. interest rates are clearly close bound together again. Yet while the bears may be talking of even higher rates for the moment, at least, U.S. bonds look quite good.

Given the uncertainties that surround the market a lot of institutions are letting the cash balances roll up rather than commit fresh funds to equities.

Equally nobody seems to be willing to push the sell button. It is easier to sit back and see what happens next.

## Thorn's rights

The prize for the understate-  
ment of the week surely belongs to the executive of Thorn EMI who said: "... we have got to restore credibility" within the City. Yet that realisation did not prevent him and his colleagues from dropping a £14m rights issue into the laps of the shareholders.

News of the one-for-five issue at 75p a share came within days of the announcement that Thorn is buying 76 per cent of Inmos from the Government for £85m and went down in the market like a lead balloon. The gilt between Thorn and the City seems to be getting wider still.

Now for the first time there are grave doubts about the direction (if that is the word) of Thorn's acquisition policy. In a generally falling market Thorn has added to its shareholders' misery with a couple of self-inflicted wounds which have taken the shares down by nearly 23 within three months.

The abortive attempt to acquire British Aerospace left the market stunned, despite the group's attempt to present a case for industrial logic. The downward slide in the share price was then fuelled by worries over consumer spending trends after the base rate

rises — in fairness Thorn could do little about that. But Inmos is certainly a contentious acquisition and one which has got the market seriously worried. The rights issue to pay for Inmos was just about the last straw.

Putting aside the question of whether Inmos will eventually prove to be a well judged purchase or not, the timing of the rights issue was anything but well judged. Undoubtedly the acquisition could have pushed up capital gearing from the 49 per cent of last March to 77 per cent if it had been entirely financed through the bank. Clearing at that level might be considered excessive in some quarters but Thorn could have lived with it for a while. After all, the cash generating machine of television and video rental should soon be in full swing.

Now it may be that the market is totally misjudging Inmos and that Thorn's share price has over-reacted. That may be the case. If so, Thorn's advisers get even less marks for stage management.

As for British Aerospace, it seems to be getting a touch exasperated with its new suitor, GEC. Whereas Thorn EMI seemed happy enough to let market forces set the price for a bid, GEC has been trying to pump BAE for more and more information. After six weeks of talking BAE has told Lord Weinstock's group either to "put up or shut up." The aircraft manu-

facturer has published estimates of the extra £36.5m to £55m for the benefit of shareholders and GEC alike. Background talks are now off. It is up to GEC to come up with a bid if it wants,

to pay for Inmos. The rights issue to pay for Inmos was just about the last straw.

Nippy NatWest

The bank's shares have been performing well after the base rate increases but National Westminster slipped in a timely reminder this week of the damage inflicted on the clearing's balance sheets by Mr Lawson's March Budget. NatWest has asked its shareholders for £200m of fresh equity via an unusual deal discounted rights issue.

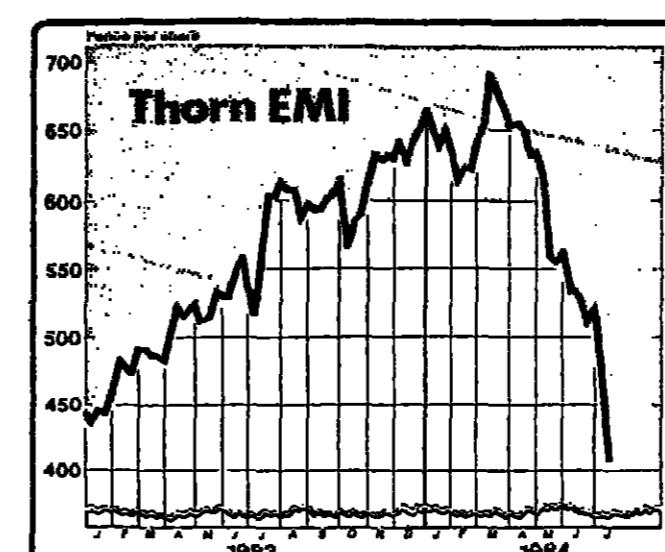
A round of rights issues from the clearers has looked a strong possibility for some time. The Budget's changes to capital allowances stripped £200m out of the clearing's balance sheets as a whole and NatWest had the biggest exposure to leasing of all. It suffered a blow of £100m which had to be taken out of reserves to be set against future tax liabilities.

Nevertheless the issue, within terms of Thorn's £141m call (though obviously for totally different reasons), caught the market off guard. The clearing's interim results season only gets underway next week and the market had made a mental note that a rights issue of two would be on the cards then, but not now.

NatWest has clearly stolen a march on its rivals. Barclays Bank is considered a likely candidate for a cash call. Its key capital ratios are close to the point where a rights issue is normally triggered and it could do with some extra finance to back its move into the securities industry via de Zoete and Wedd Durlacher. Midland, too, might find a rights issue tempting though it is not even a year since its last one and a share price weakened by the "truckers" saga may require that Midland soldiers on without tapping its shareholders.

Certaintly Midland could not follow NatWest's unusual route of a deeply discounted rights price. The one-for-two issue at 200p each compares with a pre-issue market price of 632p. Combined with the market's \$400m perpetual loan stock issued a couple of months ago NatWest has repaired virtually all the balance sheet damage wrought by the Budget.

Not that the issue is purely for cleaning up the capital ratios. The bank makes the point that it needs sizeable amounts of capital to tackle the



fast changing financial markets. Is NatWest really thinking of buying an insurance company, as some of the rumours would suggest?

## A poor copy

Distillers had forewarned the market at the interim stage when profits had slipped from £16.3m to £15.1m, that the full year would be down. So profit of £19.6m against a restated £26.95m, fell broadly within the range of expectations.

Import restrictions, which in some cases closed markets totally, severely upset DCL's exports, particularly in South America which had previously been one of the group's prime export regions. Shipments to Venezuela, for example, collapsed by a third and the total cost of the South American stamp is put at £10m of lost profit according to the directors.

Fortunately the important U.S. market is at long last showing signs of bottoming out. Though shipments of Dewars to the U.S. were down 12 per cent according to DCL, the group managed to hold market share. And current trading should taste better. Industry statistics (DCL's year-end) show a pick-up in export to the U.S. over the same period of 1983 and undoubtedly, with both DCL's gin and whisky exports to the U.S. priced in dollars, foreign exchange movements are benefiting margins.

Overall, despite the problems of Latin America and the doubts over the strength of the U.S. recovery — higher Federal taxes will not help — there are hopes in the City that profits could reach £22.5m to £23m this year, including say, £1m from Somerset Importers. The preliminary report may have been unexciting but there are grounds for thinking the shares look undervalued at present.

Terry Garrett

## Inflation fears

ONE OF THE THEORIES which have been carrying the hopes of the optimists through a pretty grim summer's trading on Wall Street, is that second quarter profits would put some sparkle back into shares. But so far, the champagne corks have failed to pop. The earnings figures that have emerged in the last two weeks have been about as bubbly as anyone could expect. But every little spark they have imparted to equities has soon fizzled out.

With about half the reporting season already over, most companies have come in at around market expectations. This was notably the case with the banks which contained the biggest potential for nasty surprises, while a few companies have greatly exceeded expectations. TWA, for example, reported net earnings of \$5.7m this week, more than double the

NEW YORK  
TERRY DODSWORTH

figure that Salomon was recently forecasting.

On the other hand, the market has shown itself deeply sensitive to bad news. Last week the slides were put under Wall Street by the hefty PPG dividend cut. This week it was the turn of the drug stocks, which were suddenly perceived to be vulnerable to all manner of threats — the strength of the dollar on their international earnings, the pressure from government and the insurance industry to bring down medical costs, and, in some cases, new competition from Europe for specific big-selling products.

Merck, the industry leader, Eli Lilly and Upjohn all came under attack, either as a result of analysts' reports or actual results. Smith Barney, for example, has once again stressed its recommendations against the pharmaceuticals sector in general, and Merck and Schering-Plough, in particular, while E. R. Squibb has gone neutral on Pfizer, which has almost 70 per cent of its business overseas.

The huzzahs on Wall Street that the GNP figures may be revised for the second quarter to show growth of around 6.8 per cent against the initial 5.7 per cent estimate. At the moment, Wall Street construes that as very bad news indeed, arguing that this will be far too much of a good thing, leading either to inflation or higher interest rates, or both at the same time — a real mishmash of horrors which do not always have a totally logical connection.

Monday 111.6 + 6.36  
Tuesday 1112.90 + 6.07  
Wednesday 1111.64 - 11.26  
Thursday 1102.92 - 8.72

## MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Ind. Ord. Index	776.2	+ 5.5	922.8	764.7	Dock strike settlement
F.T. Gold Mines Index	509.8	- 39.4	717.7	509.8	Johannesburg selling
Applied Botanics	51	- 41	23	5	Refinancing proposals
Barratt Developments	84	- 6	188	82	Dearer mortgages
Butterfield-Harvey	19	+ 5	30	10	Technology Inc. increases stake
Charter Cons.	248	+ 55	262	190	Rumoured share stake build-up
Distillers	295	+ 14	319	244	Preliminary results
Dixons Group	235	+ 17	310	215	Comments on results
Eglington Oil & Gas	168	- 23	245	76	Colombian drilling disappoints
Equity & Law Life	177	+ 24	185	132	Good new Life figures
Halma	160	+ 17	180	136	Speculative demand
Hollis Bros. & E.S.A.	51	+ 9	53	33	Speculative demand
Hunting Petroleum	142	+ 16	158	122	Sale of drilling sub for £17m
ICI	546	+ 14	650	526	Interim results due Thursday
Leach (Wm.)	145	+ 27	160	70	Big situation
Pilkington Bros.	258	+ 23	350	222	Bid speculation/Press comment
Rowntree Mackintosh	292	+ 14	300	216	Bid speculation
Sun Life Asse.	665	+ 35	692	545	Takover speculation
Thorn EMI	413	- 50	698	407	£134m rights issue
Vinten	238	- 20	324	238	Disappointing results

## A phoenix takes to the skies

IT MAY SEEM fanciful to combine in one sentence a bird, the quintessential attribute of which is soaring freedom, and the deepest mine in the world, but there is something decidedly Phoenix-like about the recovery in the fortunes of South Africa's Western Deep Levels gold mine.

The quarterly reporting season for the South African gold mining industry drew to a close this week with the reports from the mines in the Anglo American Corporation group, and the recovery at Western Deep must surely rank as the outstanding success story of the season.

The mine, operating at depths down to 3,780 metres below the surface, suffered a serious underground fire towards the end of last year, which denied access to the rich gold-bearing ore of the Carbon Leader reef during the first quarter of this year.

The mine was maintained, but only by dint of switching operations to lower-grade areas, and gold production suffered in consequence of the steep drop in the average grade.

In the June quarter, the average grade recovered from 9.4 grammes of gold per tonne (9.4 parts per million) to a much healthier 10.2 grammes, still well short of the experience of the past few years, but sufficient to restore gold production almost to former levels.

This recovery, coupled with the slightly higher gold price in terms of South African currency, led to much improved working profits from gold, more than offsetting the small rise in working costs. Western Deep also derives important revenue from by-product uranium, and the latest quarter saw a jump in income from this source to R2.16m (£1.1m), compared with just R2.02m in the March quarter.

The jump in uranium revenue was not explained, but presumably arises from one or more extremely lucrative deliveries.

As a result, pre-tax profits advanced from R7.85m to R8.22m, and the reduced tax charge left net profits 4% per cent higher at R8.5m.

The charge for tax and the state's share of profits, which is calculated through the complex mining lease formula, was in fact virtually halved at R1.7m. This was a consequence of the steep rise in capital expenditure, which is available for offset against tax, from R30.8m to R51.6m.

This rise keeps the mine's substantial capital expenditure programme, designed to maintain and expand production, on schedule.

Western Deep declared an interim dividend for 1984 of 183 cents a share. While this is below the level of last year's

right in line with the share market's expectations.

Although this phoenix has risen from the ashes of last year's fire, the recovery is not yet complete. The tonnage mined, gold grade and gold production were still below the targets set for the June quarter, but with the remainder of the working

much of the extra capacity would be used to treat low-grade surface material, but it would nevertheless have a considerable impact on profits.

Western Deep Levels is a high-grade gold mine, and the speed of its recovery from last year's fire is impressive, suggesting sound management. That bodes well for the mine's future, which is put at around 40 years. This phoenix still has a long way to fly.

The Western Deep quarterly illustrated a number of points which were common to many of the other mines in the June period.

Perhaps the most significant of these was the continued depreciation of the South African rand against the U.S. dollar, which meant that, although the dollar gold price was lower in the latest period, rand income was actually a bit higher — especially as the mine's working costs were to be met in the South African currency.

Another factor was the extent to which allowable capital expenditure affects the tax charge. A number of the mines were able to report higher net profits following lower tax charges consequent on increased spending on the capital account.

Here, the young operations Elandstrand and Deelkraal

suffered in comparison with their more mature sisters, as they do not yet suffer mining tax against which to offset their spending on capital expenditure.

In many cases, mine working costs were higher in the latest quarter, following the wage awards to white workers. Wage costs should rise further in the current period, but the extent of this will be impossible to assess until the dispute with the black National Union of Mineworkers is settled.

The other main point to emerge from the June quarter was one that has been repeated many times in this column, but is worth airing once more. The only time to invest in the more marginal mines, those usually seeing operations with low gold grades and high working costs, is when the gold price is rising steadily.

Then, the poorer-quality mines gain from their higher gearing to the gold price, and share prices rise faster than those of the richer operations.

Only the richer mines, however, can cope with a static or falling gold price. The performance of Kloof, Vaal Reefs, Driefontein Consolidated, Randfontein Estates, Harmony, Hartbeesfontein and Western Deep Levels in the latest quarter bears eloquent witness to this proposition.

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## The Royal Bank of Scotland

### Mortgage Rates

The Royal Bank of Scotland plc announces that with effect from 1 August 1984 its Mortgage Rate will be 13 per cent per annum and its rate for New Endowment Mortgages will be 14 per cent per annum.

### WRESTLING WITH RECOVERY

A recent series of features on a cross-section of British manufacturing industry set out to illustrate how they had coped with the worst recession since the '30s and how they viewed the future.

Senior executives of the following companies were interviewed by FT journalists:

Tootal, Armstrong Equipment, DRG, Brown Boveri Kent, Perkins, Sheerness Steel, Croda, IMI, Digico, Alcan, Plessey, Kenwood, Dubilier and Gestetner.

These features have been reprinted in a booklet, priced £3.50, available from:

Nicola Banham,  
Financial Times, Publicity Department,  
Bracken House, 10 Cannon Street,  
London EC4P 4BY

## FINANCE AND THE FAMILY

### An unexpected gift

BY OUR LEGAL STAFF

On December 6 1982 one of our worthy city institutions (Registrars to an investment trust) sent me a cheque for £64,991 in error. At that date I had neither the time nor the inclination to investigate the matter.

On December 10 1982 I paid the cheque into my current account and on December 17 1982 I placed the amount on seven-day money market deposit.

I received a telephone call in January 1983 from our worthy institution asking if I had received the cheque and explaining the error. I stated that I had and indicated my willingness to repay the amount in any manner they desired.

The managing director said he was coming to Liverpool the following day and on his way would call to collect my cheque.

This was done. I told him that the amount had been placed on deposit (stating that I thought it was a better custodian of the funds than his company and pointing out that I could have had the funds out of the country and irrecoverable within a couple of hours of receipt) and he stated that I should "accept the interest as a Christmas present from and with the compliments of the company."

My cheque was cleared on January 19 1983 and consequently I incurred interest charges on my current account of approximately £150.

Was the money market interest my income or was it in the nature of a gift?

Should I declare the interest as income to the Inland Revenue and would I be able to offset the interest paid on my current account if I am required to declare the money market interest as income?

We think that the interest is not income but a sum which is equivalent to a sum or reward. If it were interest, the current account debit interest should be capable of being set off.

#### Repointing a wall

The brick wall on the South West boundary of my garden is in need of maintenance. I therefore sought and obtained a quotation from a builder to take out defective pointing to the brickwork and repoint in cement mortar. I approached my neighbour seeking permission for the builder to carry out this maintenance on

my neighbour's side of the wall. After some procrastination, I was told that my request would be considered and that I would be informed in due course if permission were granted. In view of the foregoing, I am particularly interested to learn how one may legally gain access to and carry out normal maintenance on a building, wall or the like when this abuts a neighbour's garden.

In law there is no automatic right of entry to point or otherwise maintain a wall; but a right will readily be inferred if it can be proved that entry has in fact been effected for the purpose of maintenance over a period exceeding 20 years.

#### A late demand

During April 1982 (approximately), I made my final payment to solicitors handling my case for services rendered (the account was for over £1,000). In April 1983 to be precise, my solicitor wrote me a letter, the text of which I now reproduce:

"On checking through our Accounts, it has come to light that our books appear to show the sum of £43.80 due from you. Further investigation reveals that you did pay this sum but for some reason which is not immediately clear your cheque went astray and was never paid in.

We must apologise profusely for the delay involved and for any inconvenience to you, but we wonder whether you could assist in clearing our books by letting us have a new cheque for £43.80."

I have now received a further demand letter dated 15th June 1984, which states:

"We refer to our letter of the 19th April to which we do not seem to have received a reply. We would be obliged if you would now let us have your remittance for £43.80 as soon as possible."

I consider this attitude unreasonable and high-handed, especially as I did not go out on my way to evade my payment responsibility at the due date. I have no intention to research payment details at this late date for a situation created by someone else's negligence.

If it is correct that the cheque was not collected for whatever reason—then you have not paid the sum in question. We think that you would be en-

titled to offer to draw a fresh cheque on the undertaking you, the solicitors to indemnify you against any payment on or claim made under the original cheque, and on their agreeing that you should deduct the amount (if any) of the cost to you of correspondence over the

legal aid was not meant for trivial matters such as neighbours' disputes.

Eventually we reached a settlement without having to go before the judge and my husband paid his own costs. Much later we learned that the neighbours had been awarded a full certificate. Soon after that they bought a new car, had some more garden fencing, a new front door, a garage door replaced and some other items. I don't wish to sound as though I were gainsaying them, but how does a legal aid committee decide who shall buy a car?

The legal aid committee assesses

the income and capital of an assisted person and makes specified deductions to arrive at the disposable income/capital available.

Thus, for example, the value of the assisted person's residence is left out of account.

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## YOUR SAVINGS AND INVESTMENTS

## PENSIONS

*Why you should think before opting out*

NORMAN FOWLER'S consultative paper on personal pensions, published last Monday, did not disappoint in its scope—it proposes that everybody should have the right to an individual pension plan.

The proposals add a useful extra element of choice for all employees, but they will have to think very carefully before taking the opportunity of opting out of their employer's scheme, or out of the State earnings-related scheme. In any case, it is likely to be two or three years before detailed legislation is produced and enacted.

The employed people who under existing legislation have been locked into their

employer's compulsory pension schemes will need to be aware of three main considerations when they weigh the advantages of taking the personal pension route.

• Personal pensions are inevitably on a "money purchase" basis which means that the benefits depend on how much money is put in, and on how the underlying investments perform. In this they differ from the final salary schemes operated by most employers, where there is no direct link with contributions.

• The Secretary of State's plans do not require any contribution by employers to personal plans. So employees will need to be

clear about how much they are giving up in opting out of the company scheme, and if possible they should negotiate a voluntary contribution by the employer.

• In terms of advertising and marketing, the personal pension field is very much of a jungle, so good advice will be essential. But the Government may introduce tighter controls to protect investors against misleading sales talk.

Employees in good occupational schemes will not easily be tempted out into the bracing world of personal pensions. But there will be some clear gainers among short service employees who at present slip through the



## MORTGAGES

*Cartel breaks up, but you don't gain*

LAST WEEK'S news on the mortgage front may have seemed bad enough but there was worse to come. Just over a week ago the Building Societies Association (BSA) announced that it was advising its members to increase the mortgage rate by 2.25 percent points to 12.50 per cent.

The increase was prompted by the rise in bank base rates, itself a result of the decline in sterling on foreign exchange markets. In announcing the new rate the BSA said, that it did not consider it reasonable to pass on the full effect of the 2.75 per cent rise in base rates to home borrowers. Individual societies have not felt quite so generous, however.

Over the past week four of the five largest societies, which set the trend for the rest of the industry, have all announced rates which are higher than the rate advised by the BSA. What is more they all differ from each other, reflecting the end of the interest rate cartel.

The major clearing banks have also increased their rates, and they too differ from each other. Shopping around for the best mortgage deal which, Herbert Walden, the BSA chairman, has been advocating for some months, is thus essential.

The accompanying table shows what seven of the ten largest societies which have announced their new rates are now charging, along with the new bank mortgage rates. Leeds Permanent, National Provincial and the Bradford and Bingley will be announcing their new rates in the coming week.

The table shows that the basic rate of 12.75 per cent and starts charging more at £15,000 the Abbey National is now the most expensive of the largest societies.

Among the banks, National Westminster is the cheapest at 12.75 per cent, the same as the basic Halifax rate and the flat rate of the Woolwich. Because banks do not usually charge

## HOW MORTGAGE RATES STAND AFTER THE INCREASE

Size of loan	Differential %	Repayment rate %	Endowment differential %	Endowment rate %
HALIFAX BUILDING SOCIETY	nil	13.25	± 1/2	13.25
Up to 25,000	± 1/2	13.25	± 1/2	13.75
25,000-30,000	± 1/2	13.25	± 1/2	14.25
30,000-35,000	± 1/2	13.75	± 1/2	14.25
ABBEY NATIONAL BUILDING SOCIETY	Over 35,000	± 1/2	14.25	14.75
Up to 15,000	nil	12.875	± 1/2	13.375
NATIONWIDE BUILDING SOCIETY	Up to 25,000	± 1/2	13.125	13.625
25,000-30,000	± 1/2	13.375	± 1/2	13.675
30,000-35,000	± 1/2	13.875	± 1/2	14.375
Over 35,000*	± 1/2	14.375	± 2	14.875
Over 40,000	(min)	(min)	(min)	13.50
Over 40,000	± 1/2	14.00	± 1/2	13.50
WOOLWICH	All mortgages	nil	12.75	13.25
Up to 20,000	nil	12.5	± 1/2	13.0
20,000-30,000	± 1/2	13.0	± 1/2	13.5
30,000-35,000	± 1/2	13.5	± 1/2	14.0
Over 35,000	± 1/2	14.0	± 2	14.5
ALLIANCE BUILDING SOCIETY	Over 35,000	± 1/2	14.5	15.0
Up to 15,000	nil	12.5	± 1/2	13.0
15,000-25,000	± 1/2	13.0	± 1/2	13.5
25,000-35,000	± 1/2	13.5	± 1/2	14.0
Over 35,000	± 1/2	14.0	± 2	14.5
LEICESTER BUILDING SOCIETY	Up to 15,000	nil	12.75	13.25
15,000-20,000	± 1/2	13.375	± 1/2	13.75
20,000-30,000	± 1/2	13.75	± 1/2	14.25
30,000-35,000	± 1/2	14.25	± 2	14.75
Over 35,000	± 2	14.75	± 2	15.25
(min)	(min)	(min)	(min)	(min)

## WHAT THE BANKS ARE DOING

Basic rate Endowment differential Endowment rate

National Westminster	12.75	± 1/2	13.75
Midland	13.5	± 1/2	14.5
Barclays	13.0	± 1/2	14.0
Lloyds	13.25	± 1/2	14.25

more for larger loans—although Barclays has started doing so and others may in the future—this makes a National Westminster loan attractive at the top end of the market. Abbey National is the next best at 13 per cent but it charges 1 per cent more for larger mortgages at the managers' discretion.

Lloyds has increased its rate to 13.25 per cent and Midland to 13.5 per cent, making it the most expensive of the banks. But assuming they have mortgage funds available they still compare favourably with most building societies for mortgages of over £30,000.

Banks do, however, charge a

higher differential of 1 per cent for endowment mortgages, and others may in the future—this makes a National Westminster loan attractive at the top end of the market. Abbey National is the next best at 13 per cent but it charges 1 per cent more for larger mortgages at the managers' discretion.

Dudley Building Society has withdrawn its Anniversary Account which was recommended on these pages in last Saturday's edition of the Financial Times. Next week we shall be looking at the building societies' new investment rates.

Margaret Hughes

*Just when you expected a rest . . .*

CHRISTINE STOPP discusses some of the financial decisions that have to be made on retirement

**Tax and the Family**

may be deducted from only one portion of it, and it may appear as though a disproportionate amount of tax is being taken.

Where a pensioner's income consists only of the state pension and interest from investments, there will be no segment of income on which a PAYE code can be operated. In this case, you have to pay tax directly in quarterly instalments.

The Revenue will consider a different arrangement—for example, monthly payments—if a pensioner finds quarterly demands hard to cope with. Building society interest comes with the basic rate of tax paid, and bank interest will also be taxed at the basic rate from April 6, 1985.

The state pension depends on the national insurance contributions a person has made during his or her working life. To qualify for the full pension, full contributions must have been made for most of a working life. This means that a wife is far less likely to have a full record of contributions than her husband.

If her state pension would be small, smaller than what is called the dependant's addition to her husband's pension—that is, if she would get a bigger pension on his contributions than on her own—she can choose the larger pension of the two.

The current annual married rate for the state pension is £2,834, or £1,771 for a single person. Therefore, if a husband has a full record of contributions, the couple would currently be better off getting the married rate of pension if the wife's own pension was not more than £1,063 a year. If both husband and wife have made sufficient contributions to qualify for a full single person's pension, they will be better off by £708 than a couple on the married rate.

If the wife retires first and qualifies for a small pension in her own right, the Department of Health and Social Security should top it up automatically once her husband retires, if she would be better off with a pension based on his contributions.

Since she can collect the higher rate of pension, there is no gain in gross income for a married woman with a limited contributions record. However, there is a tax advantage. When she has pension rights of her own, though small, she is entitled to claim the wife's earned income allowance to set against them. She can still claim the allowance even if she is getting a higher pension based on her husband's contributions, though if that is the case she will only get the allowance on the £1,771 less £600. Hence:

Age allowance £3,935

Taxable income £4,145

Tax at 30% 1,243.50

Net income 2,901.50

Tax in case (2) 1,693.50

Less tax in case (1) 1,243.50

Extra tax paid on £900 450.00

Income into capital gain is useful for keeping taxable income down to retain the age allowance. This includes selling gilts shortly before the dividend is payable or progressively realising tranches of a share or unit trust portfolio within the CGT exempt limit.

Where income is well below the age allowance the deed of covenant, better known in its grandparents to grandchildren guise, should not be forgotten. It can be used from children to elderly parents in exactly the same way. If a widowed parent over 65 gets only the state pension (£1,771), he or she will have £719 in "spare" allowances. A son or daughter could covenant £503.30 (£719 x 70 per cent) and the difference could be reclaimed by the pensioner from the taxman, providing a 40 per cent addition to income while remaining within the tax-free bracket.

The estimated code will be operated, and adjusted either in November, when the state pension is increased, or at the end of the year. If the adjustment is large, it will be made gradually through the following year's tax code.

The tax code is operated under the Pay As You Earn system through the occupational pension. This means that tax on the whole of your income

**Earn top bucks.**

Income from American shares 1973-84. (Datstream Total Market Index). This is shown in dollars. In sterling, the increase in the income would have been greater owing to the strengthening dollar. 1:1.73 \$1.35£1; 13.7.84 \$1.31£1.

## THE NEW AMERICAN INCOME TRUST.

"America's economy is continuing to grow much faster than almost anyone expected."

That was the Observer's verdict on last month's "extraordinary" economic statistics from the States.

Bad news if you want to take a holiday there, great news if you have sent your money instead.

"Corporate profit figures, just revised sharply upwards, dramatically understate the true after-tax return on investment for most companies."

The Observer again, joining the growing band of Wall Street watchers who now agree that, if you're looking for a high income investment, rarely has there been a better time to invest in the United States.

And never has the Exchequer been so helpful.

## A LESS TAXING TIME.

By changing the rates of corporation tax in his budget, the Chancellor has made authorised Unit Trusts investing abroad for a high income much more attractive.

The rate was cut from 52% (financial year 1982) to 45% (financial year 1984), with further cuts, to 35%, promised by 1986.

It is to take advantage of these changes that we at Allied Unit Trusts are launching the American Income Trust.

Managed by a highly skilled team.

led by Dr. John Gurney (one of the top names in U.S. fund management), its aim is to provide high and growing income.

We shall invest in a broad spread of American equities and convertibles providing an above average income return and having good prospects for increasing dividend payments in the future.

You can also invest in the new American Income Trust through the Allied Monthly Income Portfolio.

## ABOUT ALLIED.

At home, we are the third biggest Unit Trust Company with funds under management in excess of £1,000m.

In 1983 we took in more new money than any other Unit Trust Company. And we've been established fifty years.

Abroad, we have £120m already invested in the US alone. Our Securities of America Trust has grown to £86.6m since its launch in 1968 and frequently appears as a sector leader in the financial press.

Our American Special Situations Trust consistently performs above its sector average and has grown to £31.1m in only eighteen months since its launch.

We are more than confident that the Allied American Income Trust will perform just as well.

## ALLIED UNIT TRUSTS

Application for units in Allied American Income Trust.

To: Allied Unit Trusts Ltd., Allied Hambro House, Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA. Telephone Brentwood (0277) 229123. Trustee: The Royal Bank of Scotland London Trustee Company.

9. Applications will be acknowledged on receipt and Certificates will be posted approximately 6 weeks later.

10. This offer is not available to residents of the Republic of Ireland.

## FIXED PRICE OFFER

There is a special introductory offer on the American Income Trust up to August 4th 1984 whereby units are available at the fixed price offer of 25p. After the close of the offer, units will be available at the offer price and yield quoted daily in the press.

1. We require income to be

## Which one?



With floating exchange rates the volatility of currency values has dramatically increased over the years. At the same time, the daily trading volume in the world's currency markets is 15 to 20 times greater than that of the world's stock markets.

This volatility and depth of the market can generate substantial returns if properly exploited. But the skills and resources needed to benefit from these opportunities are normally beyond the reach of individual investors.

### The European Banking Traded Currency Fund

The Fund provides investors with access to the currency markets, under professional guidance, and aims to produce significant returns from skilled currency management, daily dealing results and wholesale interest rates.

The advertisement has been placed by European Banking Company Limited, an approved dealer.

### The European Banking Traded Currency Fund Limited

To: J.W. Hudleston, EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St Helier, Jersey, Channel Islands.

Please send me a copy of the Prospectus of The European Banking Traded Currency Fund Limited (on the terms of which alone applications will be considered).

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone (Office) \_\_\_\_\_

(Home) \_\_\_\_\_ Telex \_\_\_\_\_

Please telephone me to discuss the Fund

11

In addition to seeking medium term currency gains the Fund has a distinct feature whereby up to 25% of its assets are traded daily on a spot basis in the foreign exchange markets.

This allows the exploitation of the enormous potential of the world currency markets whilst retaining maximum flexibility on the Fund's assets. Positions on the trading element are closed out daily, so dealing starts again each day.

#### The Manager

The Fund is managed by EBC Trust Company (Jersey) Limited. EBC Trust is a subsidiary of European Banking Company Limited, which in turn is Investment Advisor to the Manager. EBC is a merchant bank well-known in the City of London for currency trading in the major sectors of the foreign exchange markets.

## YOUR SAVINGS AND INVESTMENTS

### CAPITAL TRANSFER TAX

## The dangers of living to 105

CLIVE WOLMAN looks at a possible threat from the taxman to your wealth

YOU MAY be nursing the ambition of living to the age of 105.

But tell that to the men from the Inland Revenue and they will probably suspect you've got a tax dodge up your sleeve.

The Revenue's Capital Taxes Office apparently believes that your chances of reaching 105 are so remote that it is denying approval to mass-market a tax avoidance scheme which has so far attracted nearly £400m of individuals wealth. The scheme depends on a life assurance policy which matures only if you reach your 105th birthday.

The taxman's refusal to approve at least two versions of the scheme submitted by Royal Life and Save and Prosper in the past six months has cast doubt on the efficacy of most of the off-the-peg plans to avoid capital transfer tax.

The possibilities for handing on your wealth to your children and grandchildren without giving the taxman a cut are in danger of being drastically curtailed.

The difficulty is caused by a clampdown on artificial tax avoidance schemes initiated by the House of Lords in a series of judicial rulings culminating in a case in February. The Inland Revenue is now giving indications that it will be applying the principles of the judgments against CTT avoidance schemes.

In the good old days of estate duty, life was simple—at least it was if it went on for at least seven years after you had passed on most of your wealth or put it into a discretionary trust controlled by yourself. Then you could avoid paying

the duty no matter how valuable the estate.

Insurance companies would even allow you to take out a policy to cover the risk that you might die before the seven years were up.

Capital transfer tax was designed to block up this loophole by taxing large gifts made at any stage in life. But the legislation has allowed for so many exemptions that if your age is on the right side of 55 and your wealth on the wrong side of £1m, you should be able to avoid the tax completely.

The trouble is that you may have to start giving away large chunks of your wealth immediately to make use of the exemptions. These allow you to give away tax-free £64,000 every 10 years plus a further £3,000 every year.

However, particularly over the last three years, several types of tax avoidance scheme have sprung up. Their common objective is to allow you to appear to be making gifts of your wealth, exploiting the exemptions to the full. But in fact you can continue to draw an income from the assets you are supposed to have given away—and can change your mind about who should ultimately receive your wealth.

The scheme which appears to be most vulnerable is one marketed by four insurance companies. It received Inland Revenue approval before the present freeze. These are Legal and General, Merchant Investors, Property Growth Assurance and Trident Life.

You "give away" your assets immediately but only by putting them into a trust which you effectively control. However, you continue to receive the income from the assets, which substantially reduces the value of the gift for tax purposes. The younger and healthier you are and the longer you can expect to live, the more the gift will be dis-

counited. The aim will normally be to reduce its value to below the £64,000 exemption level. If you survive 10 years, your estate is wiped clean and you can make another £64,000 gift tax-free (plus £3,000 worth of gifts each year).

Normally, a gift of capital where the donor retains the right to the income does not count as a genuine gift for CTT purposes. Instead, the assets would continue to be included in the donor's estate until his death.

The "discounted gift" schemes however are designed to side-step this provision. They do so by combining two artificial life assurance policies which, individually, no self-respecting actuary would touch with an elongated side-rule.

It seems likely that it is this feature of the scheme that the taxman regards as vulnerable to the House of Lords judgement. This stated that in a composite transaction, any step inserted purely for the purpose of avoiding tax can be disregarded.

The other popular CTT avoidance scheme, usually called the inheritance trust, is less transparently artificial.

and thus less vulnerable, but not completely.

In most versions, the donor makes only a tiny "gift" to a trust controlled by himself but tops that up with an interest-free loan. The loan is then invested and all the returns accrue to the trust outside the donor's estate. After about 20 years, the loan is repaid, but without interest. This leaves the donor's CTT exemptions intact to be used to make other straightforward gifts.

The loan to the trust may be considered a genuine act of benevolence by the donor to the beneficiaries of the trust (typically his children)—and not made to avoid tax. The only artificial part is the fact that it is interest-free.

The Inland Revenue may consider that the donor in fact intends to make a gift of all the income or returns to be derived from investing his loan over, say, 20 years. But he achieves this by inserting a simple interest-free loan, which is designed purely to dress up the gift as a non-gift for CTT purposes and thus avoid tax.

Thus all the returns from investing the loan could be deemed to be a taxable gift, undermining the whole purpose of the scheme. As the scheme, to be fully effective, needs to last for 15 to 20 years, clients may not be protected fully by the inhibitions against applying the new principle of tax law retrospectively.

Robert Venables, a barrister who specialises in tax law, is sceptical about the chances of the Inland Revenue winning such arguments against either CTT scheme. The loan in the inheritance trust has been made in reality, he says, and it cannot just be disregarded as though it never existed.

Moreover, the returns from investing the loan cannot be considered a genuine gift as the loan can be recalled at any time by the donor.

As far as the discounted gift scheme is concerned, however, Venables does admit a doubt.

"For people who want to play it absolutely safe and be free of hassles," he says, "there must be a question-mark over the schemes."



It would be difficult for the unfortunate clients of these schemes to claim that they had taken out a life assurance policy which paid out only if they lived to 105 because they thought it a good idea.

The truth is that if they were to survive to 105, they would be given a large CTT bill for their efforts.

However, those who have already invested in such a scheme may escape the wrath of the taxman if the Inland Revenue has given assurances that the principles of the court ruling will not be applied retrospectively.

But you should be careful not to tinker around with the trust powers too much, for example by changing the ultimate beneficiaries of your gift, as this may vitiate the Inland Revenue's intentions against applying the principle retrospectively.

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## The new National Savings YEARLY PLAN

### WHAT IT OFFERS

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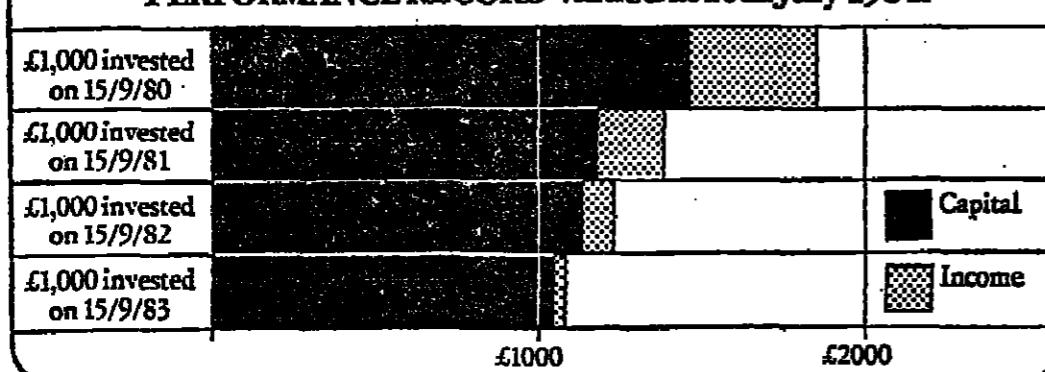
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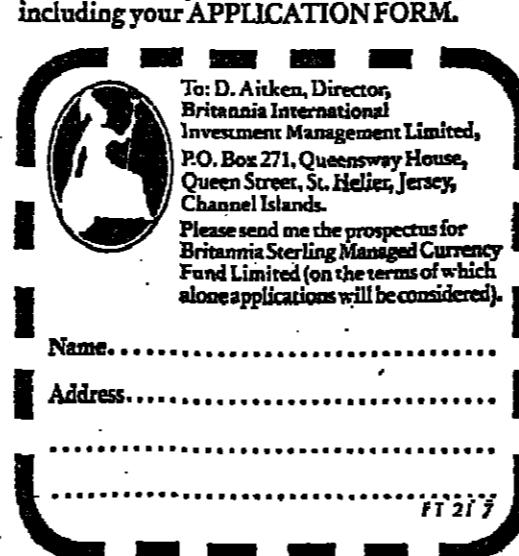
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### PERFORMANCE RECORD Valued at 16th July 1984.



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FT 217

TSB TRUSTCARD

## YOUR SAVINGS AND INVESTMENTS

## NATIONAL SAVINGS

## Should Harry and Pru cash in?

DINA THOMSON discusses the investor's position after the rise in interest rates

HARRY BRITTON is the sort of client they like in the National Savings Department. Self-employed since 1947 after coming out of the air force, he is now 63 and has almost £40,000 invested in National Savings Certificates (non-index linked), alone.

The same amount (£40,000) is invested for his wife, Prudence, and together they have almost £80,000 in index-linked certificates.

Both Harry and Prudence work, they are taxed separately and each is a 45 per cent rate taxpayer. Their National Savings Certificates go back to January 5, 1967 in the 12th issue.

In the wake of this month's hike in interest rates after more than two years of stability, the Brittons and savers like them are faced with the choice of whether or not to cash in their National Savings Certificates.

Money freed by cashing in certificates could be reinvested in a new 28th issue of Savings Certificates which was announced yesterday.

The 28th issue, which goes on sale from August 8, will offer tax-free returns of 9.0 per cent if held for five years. This is similar to the return Harry Britton could expect from buying short-dated low coupon gilts—and is a 1.75 per cent improvement on the 27th issue which is to be suspended.

National Savings Certificates have the appeal of providing tax-free income. But as they offer a fixed, guaranteed initial return, a jump in interest rates can undermine their attractions and make it worth taking a closer look at the alternatives.

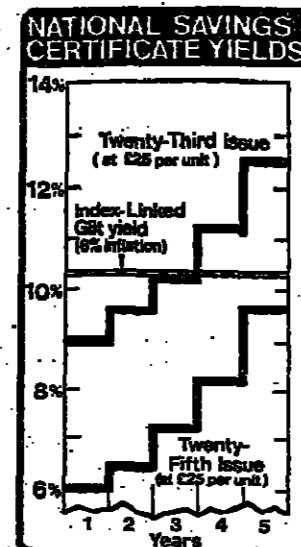
The returns on both index-linked "granny bonds" and certificates are weighted towards the fifth year. This is a considerable disincentive to cashing them in before the five years are up. Cashing in either certificates or "granny bonds" in the first year, for example, results in a loss of all interest.

But certificates issued more than six years ago, since past the pre-determined time-frame during which they earn fixed rates of interest—move onto a common extension term which offers a rate of interest that is set by the Treasury.

Mr Smith's 12th issue certificate, bought on May 10, 1967 on a fixed extension term of 17 years, with a compound rate of 7.84 per cent over years 12 to 15, is now earning the current common rate of interest of a mere 6.84 per cent.

Yesterday, however, the Department for National Savings announced that this rate would be increased for most old certificates to 8.32 per cent from August 1. This will, however, still be below the rate on the new 28th issue.

Other, later issue certificates pose greater complexities of assessment. Mr Smith's 19th name.



## Offshore Funds

LUCY KELLAWAY looks at the choices facing offshore investors

OFFSHORE CURRENCY funds are alive and kicking in spite of the Inland Revenue's New Year raid on the roll up funds. From January 1st rolled up gains became taxable as income, regardless of their source.

This was a complete about turn—not only did it mean that interest income could no longer pass as capital gain, but that genuine capital gains from currency appreciation suddenly became taxable as income.

Old hands at the currency fund management game acted quickly to get "distributor" status from the Revenue. So the 23rd issue would now be earning 10.25 per cent, the Treasury 2 per cent '88 index-linked gilt might offer Mr Smith, as a 45 per cent rate taxpayer, a slightly higher yield.

Assuming inflation averaging 6 per cent, an average tax-free capital gain of 9.25 per cent plus 2 per cent (worth 1.1 per cent) to a 45 per cent rate taxpayer), works out to 10.35 per cent.

Keith Seager of Whitechurch Securities suggests that Treasury 2 per cent 1988 is a particularly strong competition to National Savings Certificates as its period to redemption of four years is close to the five years wait for the pay-off from savings certificates. But there is an important difference: the money does not have to be left tied up for the full four years in fear of a penalty on withdrawal, as the gilts can be sold at any time.

Low coupon conventional stocks may be an attractive alternative, particularly if inflation remains low—Exchequer 2½ per cent 1987 offers a net redemption yield of 8.50 per cent to the 45 per cent rate taxpayer, for example. Simon Coker, of stockbrokers Phillips and Drew, suggests that a higher return can be achieved by buying ex-dividend gilts and then avoiding the third dividend by selling it 18 months later.

Mr Smith's investments in National Savings Certificates most recent 25th, 26th and 27th issues in particular are crying out for a comparison with gilts.

The 25th issue, launched on November 17 1982, offers just 6.49 per cent in the second year of its life. The investor may be getting better rates of return on the 26th issue, launched in August last year.

But its return over five years of 8.26 per cent is still slightly below the returns on gilts—possibly the difference is not worth the trouble of switching. The 27th issue, still in its infancy, offers just 5.28 per cent at the end of the first year, and nothing until then. You should cash it in now without any interest and cut your losses.

• "Harry Britton" represents an FT reader of a different name.

## Funny foreign money games

## MANAGED CURRENCY FUNDS (performance to June 1 1984)

Name	Size	Result of £1,000 invested after			Change since
		3 years	2 years	1 year	
Britannia Manager Currency Fund	£22.9m	£1,626	£1,260	£1,094	2.4
EBC Traded Currency Fund	\$9.1m	—	—	—	5.1*
Guinness Mahon International Fund	£12.7m	£1,838	£1,472	£1,146	1.4
Hill Samuel Managed Currency Fund	£21.4m	—	—	£1,181	5.4
RBC International Currency Fund	£10.8m	—	—	£1,034	1.9
Vanbrugh Currency Fund	£65.0m	£1,564	£1,296	£1,119	2.2

\* From January 15 1984

Source: Money Management

ing start.

The fund is the first to offer investors a way into the \$100 billion a day interbank foreign exchange market. Twenty-five per cent of its assets are traded actively on a daily basis although no positions are taken overnight. This forex trading doesn't tie up the fund's assets: any gains made are a pure extra to interest earned on the fund's investments.

EBC London, which is an experienced and well respected player in the London interbank market, is the investment adviser to the fund, although the actual trading takes place in Brussels. However, it shouldn't need underlining that no amount of experience generates profits in currency trading.

In the first three months the fund produced an annual return of just over 20 per cent. Of this, only 1.5 per cent came from currency trading. Most of the return resulted from a currency gain on the fund's investment, which the managers themselves seem to regard as fairly atypical.

Aided by a stamp of approval from Legal and General, who are marketing it, the fund has grown since January to about \$12m. About half of that comes from US residents. (For this fund, the decision not to get distributor status was straightforward—profits from trading count as income and would have to be distributed.)

The minimum investment in the fund is \$1,000. There is an initial charge of 3 per cent followed by 1.5 per cent annual management fee.

Next week: Sterling deposit funds.

Personal pensions plan unveiled

(Financial Times 17th July 1984)

Fowler sets out plans for portable pensions

(The Times 17th July 1984)

FOWLER PLANS DIY PENSIONS

(Daily Telegraph 17th July 1984)

Look to Save & Prosper for Britain's leading personal pension plan NOW

Anticipating the new freedom promised by Norman Fowler's Consultative Document on Personal Pensions, our Personal Retirement Account already provides maximum flexibility and control over pension arrangements. Quite simply it means that you can, without waiting for new legislation:

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\* Take your retirement account with you when you move jobs without any penalties or need to negotiate a transfer value with your employer.

\* Change your employment status without penalty The unique feature of the Personal Retirement Account is that we have eliminated all charges when you change your employment status, for example from being employed to self-employed and vice versa.

\* Watch your money working for you thanks to the statements which we automatically send you each year.

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NO	<input type="checkbox"/>
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>
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FT1784





## BOOKS

# Spinster eye

BY RACHEL BILLINGTON

**A Very Private Eye: An Autobiography in Letters and Diaries**  
by Barbara Pym edited by Hazel Holt and Hilary Pym. Macmillan, £12.95, 358 pages.

Barbara Pym was always fascinated by the concept of the spinster. In her first novel, *Some Time Gazebo*, written while she was still at Oxford, she created a pair of spinster sisters sharing a flat. Some years later, in 1942, she commented, 'Perhaps Belinda and Harriet (her fictional spinster names) will come true.' In 1946, after her sister, Hilary's divorce, they did indeed set up home together and continued to live together until her death in 1980.

It was this 'spinster' (that's the right word for someone whose modesty was fundamentally at odds with the literary world) in 1947, after years in the wilderness of the unpublished. She presented a life-style both in herself with her cats, her cottage and her cardigans, and in her books with their quiet tales of elopement and the middle-classes—a life-style that went out with the war.

It was the 1960s which failed to appreciate a talent likened by her two foremost admirers, Philip Larkin and David Cecil, to Jane Austen. Now that all her books are back in print and no defensive exaggeration is necessary, it seems a good

moment for an unemotional estimate of her work. This is helped by the publication of her diaries and letters, edited and introduced by her younger sister and her colleague of 25 years, Hazel Holt. They stretch from 1932 when she was in her first year at Oxford to her death. The diaries are well-written and entertaining on a rather more dramatic scale than her novels. This is due to her candid accounts of her love-affairs which, though not numerous, and essentially unhappy, certainly do something to overturn the spinster image. Which, one suspects, was not the least of the authors' intentions.

Barbara Pym was one of those highly emotional women, perhaps one could even use the word 'romantic', who very much want to be 'in love' with a clever, handsome man. The two great loves of her life, both of whom treated her badly, were tall, dark and handsome in a classically story-book way. Just as description plays such a vital part in her books, so physical appearance both in herself and others was always very important to her. This preoccupation makes her a very good distiller since the word pictures are invariably detailed and vivid.

Pym does not, however, appear to be intellectual in the sense of undergoing a constant wrestling with an inner life, Religion, or religious observance which form the backdrop for so many of her novels, is barely discussed. Her work at university, or during the war



Barbara Pym in a rural setting

under our sorrows—no we are drearily splendid, and even join the Wrens.' And yet the passionate woman lurked underneath, giving her fictional characters a secret sexuality which has made her books a favourite on the library-shelves. When the most unlikely of events occurred and she found herself a fashionable literary figure, facing the television cameras in her cottage-garden, she still took care to preserve her spinster cloak. She described the event in a letter to Philip Larkin:

... a question about my treatment of men characters suggested that I had a low opinion of the sex. My instinctive reply sprang to

my lips. 'Oh, but I love men, but luckily I realised how ridiculous it would sound, so said something feeble...' An early editor advised Barbara Pym to 'be more wicked, if necessary.' It was obviously an absurd suggestion yet one sympathises with his feelings. *An Unsuited Attachment*, which was so notoriously turned down by Jonathan Cape, is not a good or readable book. In it, her fear of looking 'ridiculous' has pushed her deep into the 'feeble' area. On the other hand, such novels as *Excellent Women* and *A Glass of Blessings* can rightly be described in the blurb-writer's jargon as 'unpretentious little masterpieces.'

## Fiction

# Inner worlds

BY ISABEL QUIGLY

**A Dangerous Time**  
by Sian James. Century, £8.95, 354 pages

**Dividing Lines**  
by Victor Sage. Chatto and Windus, £8.95 (paperback £3.95) 166 pages

**Crumbs under the Skin**  
by Carol Brugge. Andre Deutsch, £7.95, 176 pages

sympathy one can pin down or establish. The stories vary in every way, have no identifiable link of subject or outlook. Mostly they defy reason and even physical sense yet they manage to seem commanding true, to convince of the improbable, even impossible.

'Little Goethe,' for instance, is a genius who never grows beyond babyhood, and so remains everlastingly adoptable, an eternal prodigy with a great man's mind locked in the body of an infant. 'Crusoe' has his island, with all its familiar attributes (single footprint, survival routines, rescue plans, goats, hut and parrot); but where is it? In his head, one presumes, with all manner of other hideous fantasies.

*A Dangerous Time* is the story of two working-class girls in the Midlands during the 1930s and the war; their friendship from schooldays, their ways of life as adults, Susan's marriage, Laura's love affairs, children, relations, homes; above all the continuity of the relationship between them in spite of fundamental differences of temperament and temper, outlook and personality. Susan is pretty, light-weight, marriageable because all she wants is marriage; Laura serious and studious, and her hopes being higher, her dreams broader than Susan's, a lot less likely to settle.

In any case, the action seems to ask, what is a woman's destiny, the form of her life?

Love, it suggests, is a lot less absolute than fiction would have us believe: much more a matter—even when passionate—of compromise, acceptance, making the best of things and, above all, forgiveness, lack of rancour.

Laura has plenty to be rancorous about; so has Susan, both had unpromising beginnings, childhoods bleak (Laura's) or oppressive (Susan's). Nor do their adult lives run any more smoothly than anyone else's. But they keep a firm hold on their long friendship, and on the nature of friendship, of relationships of all kinds. Sian James is particularly good.

A satisfying, intelligent book, small-scale but effective.

*Victor Sage's Dividing Lines* is a collection of short stories, the first book by a writer with a strong, disturbing talent. He isn't a good bedtime read; his writing threatens not just the orthodoxy of behaviour and feeling but the whole use of the imagination (what is it up to? What can it be allowed to do? Where does fiction allow it?) To balance this disturbance there's the style, very strong, but held in check for almost comic effect: stolidly explosive, weirdly orthodox and exact, sometimes bureaucratic in its flat, strict use of reality in outlandish contexts.

Outlandish every story in the seven is. There's no central eye or I, no centre of emotional gravity, no particular authorial

and this just won't do in a novel about decentment.

Indistinct works in the cutting room of a garment factory and lives a rich fantasy life which, never weak, she takes to her psychiatrist, Hector. There's her husband, Murphy, a raucous kind of children, endless agitation at home, and relief in sloughing it off with Hector, a how-ha-ha-ha through the tale and a madcap letter from Hector to the wonder of a shamed but decent doctor, him to admit his Judith, Palmer, who is lonely and suffering from delusions: none in her fantasy world, except she huge by herself without external agitation and has peeled her own emotions with things she claims she wants to escape. Right: we know where we are. More or less. Until reality and fantasy are merged in an incomprehensible war and the tale ends with an event so unlikely that one wonders where reality, if this is it, has got to, or whether we're entangled in some other fantasy, the author's, or what?

Not a well-organised mixture but with moments that make one hope for good things later, some funny lines and a kind of demonic energy that seems to demand an outlet.

# Have-nots take over

BY NICHOLAS BEST

**Cataclysm: The North-South Conflict of 1987**  
by William Clark. Sidgwick & Jackson, £10.95, 236 pages

**A Third World War**, not between the haves and have-nots, is the theme of William Clark's fictionalised *Cataclysm: The North-South Conflict of 1987*. A war of tariffs and trades and economic sabotage, fought with banking systems and computer tapes rather than guns and bullets.

Africa and Latin America revere on their debts. The banks of Europe and North America refuse a moratorium. The UN breaks up in disarray, the nations of the industrial north pitted broadly against the poverty-ridden south, although both sides retain a foot in the other's camp. They need each other too much to close the door completely.

The initiative in this strangest of wars is taken by an electro-sabotage wizard in Nigeria, who uses a pirate satellite to feed all kinds of disinformation into Western—northern—computers.

# Stalin's hour

BY ZARA STEINER

**The Road to Berlin: Stalin's War With Germany**  
Weidenfeld & Nicolson, £20.00, 577 pages

One does not need to be a military historian or enthusiast to enjoy this densely packed and often brilliantly written account of the Red Army's liberation of its own territories and subsequent pursuit of the German forces right into the heart of Berlin.

John Erickson's task was as epic as the events he describes. There are few historians anywhere who have had such access to the sources, Soviet, German, Polish, Serbian, Romanian that he had used or interest to his students of criminology at York University.

To a wider public he gives a depressing picture of the more—and incidentally—the vocabulary of the contemporary world of villainy.

provide a mine of information for both Russian and non-Russian language readers. The critical judgments of men and memoir material make these notes as riveting and important as the text itself.

The subtitle, 'Stalin's War with Germany', is in fact the central theme. The military sources underline how much was due to Stalin's direction and constant intervention in the details of military planning and operations. The astonishing fact was, as John Erickson writes, that when Stalin said, 'I demand more,' 'more' usually meant 'more'.

Stalin's often brutal methods with his commanders paid high dividends: the competition between Zhukov, Rokossovsky and Koniev 'achieved' what Stalin demanded but what must have seemed impossible, operationally and logistically to each commander.

# Among Sikhs

BY K. NATWAR-SINGH

**An Indian Attachment**  
by Sarah Lloyd. Harvill Press, £9.95, 244 pages

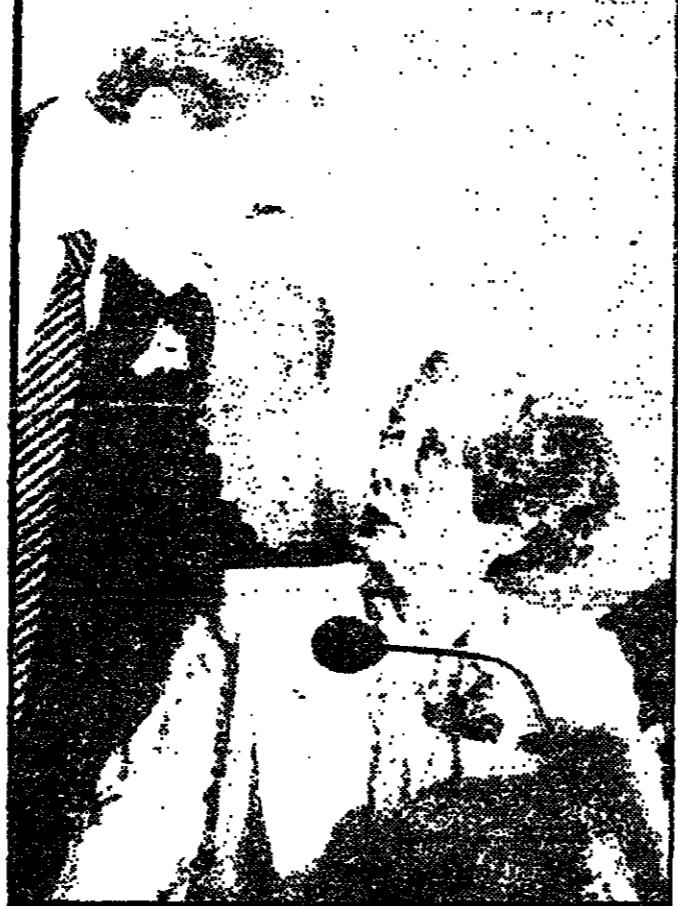
This is an unusual book. I do not remember reading anything similar on India in recent years. Sarah Lloyd is a young landscape architect and a ruminative traveller. She had visited large parts of the globe before embarking on her Indian journey.

In the late 1970s she spent two years in India with a young Sikh Jat whom she met accidentally in Calcutta. She calls him Jungli which, in the vernacular, means wild, untamed, unsophisticated. She lived with him throughout her stay in India, first in a remote mud-built village in the Punjab with his impossible family, later in a hut on the fringes of a religious community where Jungli worked in trying conditions with a self-styled Sikh saint who was quite obviously a con man.

Half way through the book, I asked myself, 'What on earth did an intelligent, educated, modern English girl have in common with an individual like Jungli?'

A few pages later she provided the devastating answer:

Long before I met Jungli and for the duration of my stay in the East, I avoided other Westerners, there being plenty of them at home. Although it was fully aware of how hard it was to achieve a mutual understanding with most Indians, and how effortless, once over the first hurdles, with those of one's own background, I wanted to be immersed in India. I wanted to penetrate the Oriental mind. Then I met



Neil Kinnock lays down the law

BY MALCOLM RUTHERFORD

**Neil now**  
The Path to Leadership  
by G. M. F. Drower.  
Weidenfeld & Nicolson.  
Cased £9.95. Paperback £5.95.  
162 pages.

At the Labour Party Conference in 1973 Barbara Castle went along to the annual Tribune Rally just in time to hear Neil Kinnock making his customary appeal for funds. She wrote in her diary that it was the funniest collection speech she'd ever heard: 'He's a find, years.'

It is not true that he has never taken a stand on any political issue. Drower draws attention to his very strong opposition to Welsh devolution in a party that had plenty to say about. Yet for nearly a year now, at the age of 42, he has been leader of the party and is, in theory at least, the alternative Prime Minister. Clearly there must have been some ambition behind the clowning.

G. M. F. Drower, a young PhD student, has produced the first biography and it has the merit of not being entirely flattering. But it is not especially hostile either. Drower is faced with the question of how it is that a man of no great intellectual stature, who had held no previous executive office except the presidency of the students' union at the University of Cardiff, and who had turned down the offer of being a junior minister to Roy Hattersley in the 1970s, has reached such heights.

The answer seems to lie in a mixture of charm, ambition, opportunism and, perhaps most important of all, a realisation of the need for good organisation.

There have also been periods of considerable application: the young Kinnock passed only three O levels, was persuaded to return to them and passed nine. He was keen on games, but never got beyond the second XV. Yet later he was to show his skills as a coach at London Welsh. For all his affability,

he could also be dictatorial. When he was president of the union, he ordered the bars to be closed and threatened to have the lights switched off at the mains in order to make people attend his meetings.

He seems to have made his way to the top without many people noticing. Yet Drower points out that he had given his undivided attention to the television studios, to the constituency organisations and ultimately to the trades unions. Everybody knew him and everybody liked him.

It is not true that he has never taken a stand on any political issue. Drower draws attention to his very strong opposition to Welsh devolution in a party that had plenty to say about.

At times he plays the buffoon. He told the House of Commons, 'Other than when playing darts I become confused at the mere mention of figures.' Drower has unearthed the curious story of Kinnock's book on Nye Bevan which was listed in Who's Who.

It turns out never to have been quoted (eg from the Employment Policy White Paper of 1944) that Keynes would have recognised a cost-inflation when he saw one.

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# Spending era

BY DOUGLAS JAY

**Keynes: The Instability of Capitalism**  
by Fausto Vicarelli, translated by John Richard Walker. Macmillan, £5.00, 191 pages

This is an English translation of a book by Professor Fausto Vicarelli of the University of Rome, first published in Italian, in which he makes a major and scholarly attempt to assess Keynes' contribution to economic thought in the light of world events in his lifetime. It is a book about both Keynes and Keynesianism. On the whole Professor Vicarelli's aim is to record accurately what Keynes actually said, and what has become of his doctrines after a generation of debate, rather than to judge where his critics were right or wrong; though Professor Vicarelli fairly evidently regards him as the greatest economist of this century.

Re-reading the story now, one is struck by the fact that Keynes unlike some of his academic colleagues, was much more keenly interested in real economic events and the need to explain them, than in the history of economics. The monetary upheavals of 1914-1925 took form of the 'instability of Capitalism' led him in the *Tract on Monetary Reform and Economic Consequences of Mr Churchill* to concentrate on the effect of changing money values and to argue that these things could not be just left to look after themselves. Then the Great Depression of 1929-32 appeared to him, as to others, to be something which traditional economics had neither predicted nor explained; hence the intellectual struggles of the General Theory in 1936.

What emerges most plainly from Professor Vicarelli's record as Keynes' major contribution to the theory of money is his insistence on the concept of capital, 'liquidity preference,' interest-rate theory and so forth. Understandably, however, Keynes, in his capacity as Bursar of Kings and Chairman of the National Mutual, found these particular issues fascinating in themselves.

Professor Vicarelli's book is largely based on the actual literature, and he accordingly says little of Keynes' immense exertions in the building up of the International Monetary Fund and the World Bank and the world economic reconstruction after 1945 which was for 25 years so notably successful. For reasons no doubt of scrupulous academic restraint, Professor Vicarelli also refrains from speculating on what his subject would have thought of the current age of stagflation; though evidence could have been quoted (eg from the Employment Policy White Paper of 1944) that Keynes would have recognised a cost-inflation when he saw one.

It is not true that he has never taken a stand on any political issue. Drower draws attention to his very strong opposition to Welsh devolution in a party that had plenty to say about.

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# Ved's vision

BY GAY FIRTH

**The Ledge Between The Streams**  
by Ved Mehta. Harvill Press, £12.50, 325 pages

Long ago, John Milton wanted books that 'do contain a potency of life in them to be as active as that soul whose progeny they are.' Ved Mehta's volumes of autobiography, appearing at intervals between his other books like charms slowly added to a bracelet, are written in a way which Milton would approve.

&lt;p

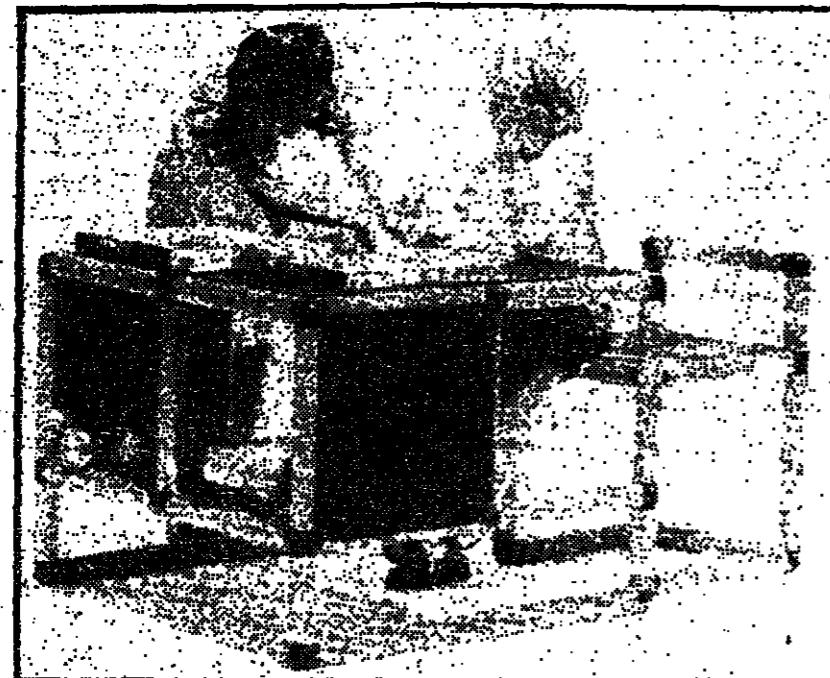
Worlds

## HOW TO SPEND IT

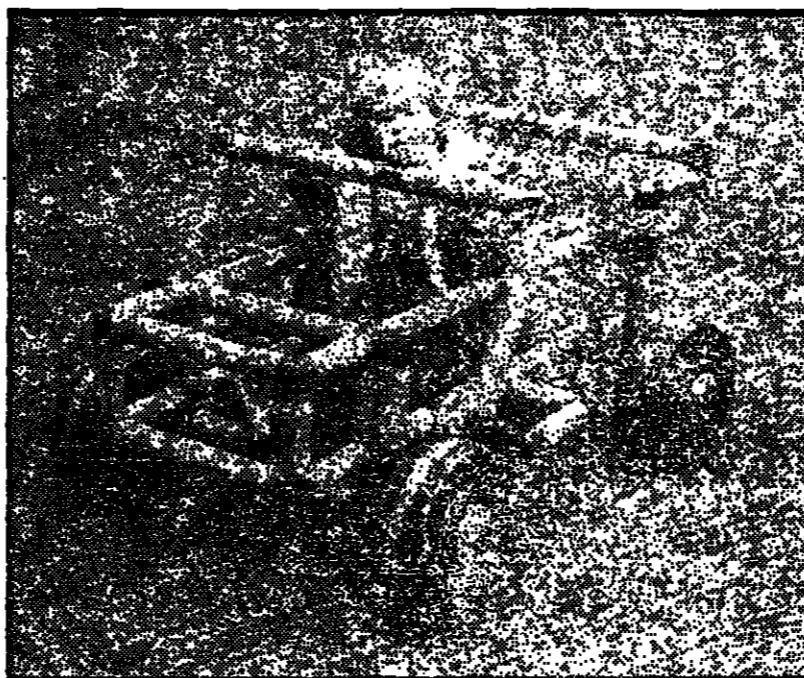
It's in the

by Lucia van der Post

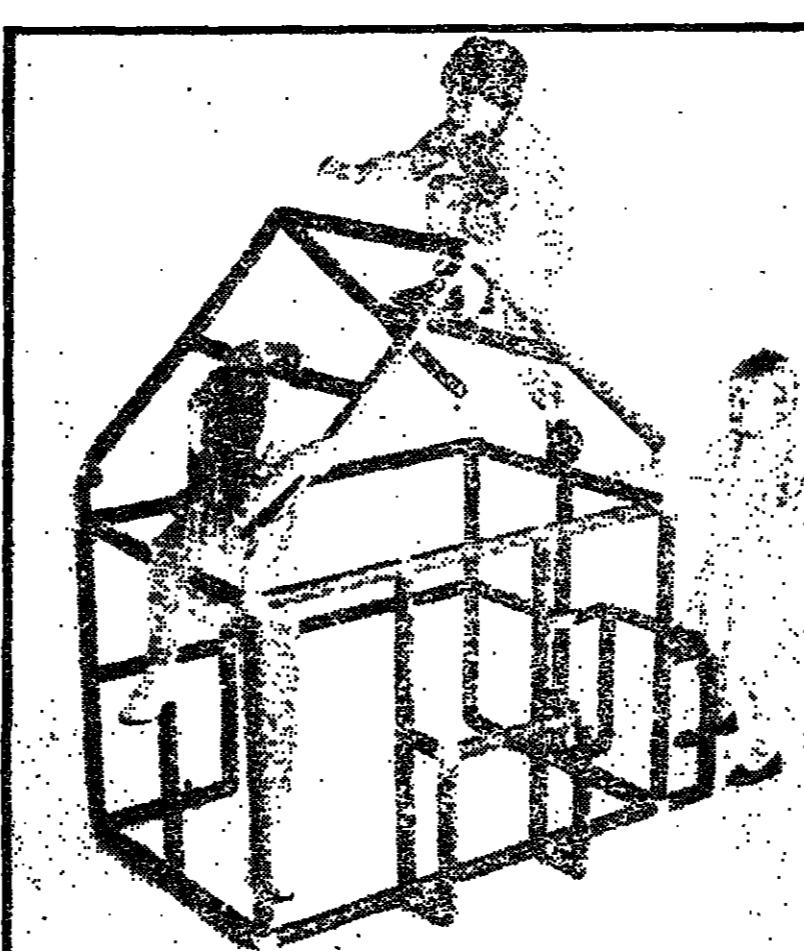
## PLAY TIME



ABOVE: Use the Quadro kits to form a desk  
ABOVE RIGHT: Here Quadro has been used to make an open car



RIGHT: Gymb's playhouse for indoors or out  
BELOW: Gymb's two-wheeled rickshaw



## BUILDING KITS

If you're thinking that now is the time to invest in some sturdy out-door play equipment and you can't quite make up your mind which to choose, take a good look at two systems photographed above—Quadro is featured in the two top pictures, Gymb's below.

In the beginning there was Quadro. Invented by Hubert Ruehrl a few years ago, it is basically a large scale construction kit which is sold in packs and for which there are several add-on packs which aficionados can buy at a later stage. It is

based on strong red polypropylene tubes which are locked together by black plastic screws (the system is patented) and most children over about four can join the tubes together but are likely still to need guidance from parents on the designs.

Quadro has become the market leader, is stocked by Hamleys, John Lewis Stores and Early Learning Centres, has been decreed a good thing by The Good Toy Guide, and it is

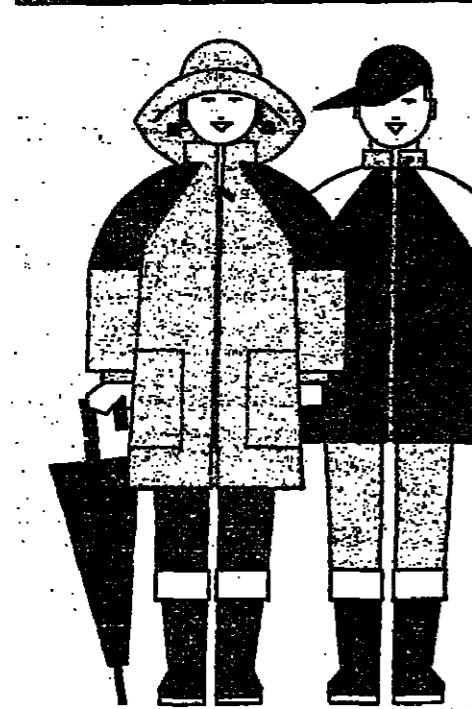
generally agreed has stood the test of time. It is reckoned to be very strong and stable and with a starter kit costing £59.95 a small playhouse, slide or tunnel could be made. The Junior kit is £79.95 and offers more of the same so that everything can be made on a bigger scale while the Universal Kit (£99.95), the biggest one on offer, means the child can build a computer stand, an emergency

of potential for constructing different play units—from push-carts to shop, slides to playhouses. It, too, has four kits, the cheapest being £59.95, the most expensive £99.95.

It is not as yet widely stocked but it can be seen at some W. H. Smith branches.

Anybody weighing up the merits of one against the other, is best to think carefully about what they want it to do—Quadro seems to me much more solid, Gymb's is lighter. Go and look for yourselves.

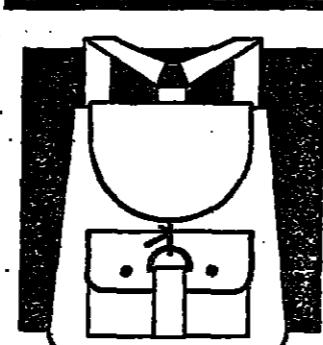
It is bright blue in colour and all the connectors are coded by colour. It, too, offers a great deal



Drawings: Pauline Rosenthal

## DRESSING

## UP



ABOVE: The Rambler rucksack from the Waterducks range  
LEFT: Bright yellow and red rainwear by Waterducks  
RIGHT: Old-fashioned charm from Penny's

MY MEMORY of holidays in Britain with small children is of an endless battle to keep them warm and dry and a dearth of garments which would do either job attractively. So it's good to see the arrival of some exceptionally attractive waterproof clothes for children—not only do they have the kind of panache and zing we usually associate (perhaps unkindly) with across the Channel, but they are based on an all-British invention, a new fabric which really does seem to do what its inventors claim, that is keep out the water and wind but allow the air to circulate.

The fabric, Airltex, was evolved under the initiative of Waterducks founder Dennis Halls. It is very light to wear, isn't at all stiff like some traditional waterproof materials, but above all, is completely condensation free. Many waterproof materials

stitching, but the seams of Waterducks garments are welded by ultrasonic means so that water cannot leak through. Finally, the material can be hand-washed, machine-washed or dry cleaned.

Having evolved Airltex, Dennis Halls contacted Jim Gardner, who has been associated with Bernard and Laura Ashley for many years, and asked him to help design a range of children's rainwear which would be practical, appealing and different. The result is a stunning collection—all in bright, zingy primary colours like canary yellow, deep blue and red. The clothes are not just utilitarian cover-ups against the rain, they are eye-catching and attractive enough for many children to want to wear them whatever the weather.

There are three suits and



ENTIRELY different from Waterducks, which is about as modern and up-to-the-minute as you could hope for, is Penny's. Penny's clothes for the miniset are based on a good dose of old-fashioned

vests and Macs, trousers and bomber jackets, dungarees and capes, as well as a whole series of useful extras, like the rambler rucksack (marvellous in bright yellow, edged in red), a duffle bag and peaked caps.

At the moment the range is just for children from about 18 months to 10 years but already plans are under way to use the fabric in a collection of rainwear for adults. Waterducks is mainly sold in rather exclusive stores like Harrods and Harvey Nichols of London SW1, Fortnum and Mason of Piccadilly, London W1, but it is hoped that it will be much more widely available shortly.

It is already a wow in the U.S. where Neiman-Marcus, Saks of Fifth Avenue, Macy's and Gimbel's have all agreed to stock it. Over here prices for the sou'wester are about £9, dungarees about £24, capes

£12, pinafore to wear over it with a sunbonnet. Then there's a real Christopher Robin sailor suit in white and navy, with the sun hat that gives it the authentic look.

Lurking in the family attics of Juliet Webster were boxes of baby clothes and small children's clothes that had survived in her family for more than 60 years. After the birth of her son she began to feel that something could be done with the designs—they seemed to her so attractive and well-made that she decided to see what she could do with the help of a wholesale fabric supplier, a skilled cutter and willing seamstresses.

The result is a charming but unabashedly nostalgic collection of clothes that seem to have sprung from the pages of Winnie the Pooh. Nanny would approve. There's a

tie-back pinafore to wear over it with a sunbonnet. Then there's a real Christopher Robin sailor suit in white and navy, with the sun hat that gives it the authentic look.

Also in the collection is a gingham sunsuit with a matching sunhat for small babies (up to 18 months) and Lord Fauntleroy rompers in red or navy and gingham with a white frilled collar and white gathered sleeves.

The collection—as you can see it is tiny—is geared just to under five-year-olds but the prices are very good. The sailor suit costs £5.95 for the two pieces and £2.50 for the hat. The gingham dress is £3.20, the pinafore, £2.75 and the matching knicker, £1.50. The long rompers are £4.25 and the baby's sunsuit, £2.50. The blouse, £1.95 and the sunhat, £2.60.

For a leaflet write to Penny's at 52 Queen's Road,

## FIZZY DRINKS

SUMMER days are thirsty days and, as every parent knows, the cost of fizzy drinks can send the blood pressure soaring. A timely moment,



then, to see what the two major fizzy drink machines, Soda Stream (photographed right) and the latest arrival, Big Soda (left), have to offer. And who better to test them out than an enthusiastic and impartial nine-year-old, Emma Bell.



With Soda Stream 101 it is quick and easy to make a fizzy drink, whereas with Big Soda it is much harder to make a drink and it also takes longer. We may have been doing something wrong but we could not get much fizz out of the Big Soda at all and without fizz it tasted disgusting!

With Soda Stream you can get more than 20 flavours. My favourite is ginger beer and I also like lemonade and lemon and limeade. I tried Indian tonic water. I liked it a bit but it is really an adult drink. I did not like cola at all. Big Soda came in several flavours but I did not like the two I tried very much because I couldn't get any fizz.

Big Soda takes one tiny siphon of gas to make one drink (at least we could only get one drink per siphon). If you want

to make another drink you have to remove the siphon and put another one in which is very fiddly. With Soda Stream 101 the big long cylinder of gas makes 100 8-oz bottles of drink.

I recommend Soda Stream 101 to any children who like fizzy drinks and want to make them themselves. It saves a lot of money for parents and it also means that children can have a drink whenever they want to.

Another good thing about the Soda Stream is that when you want a new cylinder you just take the old one and exchange it at a cost of £2. (A new cylinder costs about £10.) Big Soda's siphons have to be bought in packages.

Emma Bell

## in Next week's FT

On the Management Page—  
Stay in money broking, but not much else, R.P. Martin sees a need to broaden its base

On the Technology Page—  
Architects are coming to computer plots and  
how the home robots will replace dog and cat as a pet

See the Arts Page for reviews of  
Happiest Days of your life/Barbican  
Ratepayers Iolanthe/Southbank

plus a  
20-page survey on Japan on Monday

The FT brings you  
the information you  
need—read it every  
working day.

No FT...  
no comment

## THE ARTS

### That's entertainment

When I was writing last week about the BBC's devotion to the entertainers of the last half-century, I broke off before I got to my own favourite. This was Radio 3's half-hour on Billie Holiday on Wednesday at lunchtime. This week a second programme followed her career to its end. I mentioned before how wise Sheridan Morley was to give us whole choruses from his chosen singers (this week Gertrude Lawrence, who could do many things, but not sing) and not just samples. The presenter of the Billie Holiday discs, whose name the Radio Times kept a secret, did even better and gave us whole sides—especially important, for she was given splendid accompanying groups.

Norman Rodway also entertains us weekly on Sundays as *Aphorae in Sordid Honour*. Last Sunday's instalment, the third of 11, was mainly dialogue between him and Hugh Dickie, as Guy Crouchback. I find it fun to hear this pleasant adaptation, and then turn to the relevant passages in Evelyn Waugh's diary. The other Sunday serial, *Alan Prior's The Big Mouth*, is marching along familiar ground. Perhaps it will blossom in the five remaining half-hours.

*The Shutter Falls*, by Norman Malcolm Macdonald, was a curious play heard on Thursday, inherited by Radio 4 from BBC Radio Scotland. The story, set in the 1880s, was simple: a photographer sent to the Highlands to photograph the herring girls from Lewis, seduced one, and she drowned herself. But the characters were depicted as if they were quite primitive, speaking in short sentences simple enough to be attributed to people in folk-tales. I thought it charming, and ideally directed by Patrick Rayner, with much use of Scots music. Gerta Stevenson and Carey Wilson took the main parts, but my chief pleasure was in the narration by Maureen Beattie, especially spoken.

I've listened to Sunday morning's *Colour Supplement* three times now, though I admit that once was in my car driving to Glyndebourne. I think I may be excused listening to it any more. Not only do the choices of subject seem trivial and uninteresting, but the items are so unduly extended, to borrow the music critics' word that they use when they mean long. However, here's my vote for Roger Woddis for the next Poet Laureate, an appointment that might very well be absorbed into the BBC's staff.

Sir William Rees-Mogg is not a quiescent chairman of the Arts Council. He is making a mark, most forcefully in the area of his special (indeed as a professional antiquarian bookseller), even his commercial, interest literature.

The literature panel of the Arts Council has suffered the severest financial cuts, in line with Sir William's view that there are publishers aplenty to nurture contemporary writers, but he believes that the Council has a role in making our national classics more widely available. His fondness for the 18th century has precipitated a personal initiative, now realised in an exhibition on the life of Samuel Johnson to celebrate the bicentenary of his death, on show at the Arts Council premises in Piccadilly until September 14.

This is the first time the Arts Council has mounted a show on its home ground. It is a very traditional display, with over a hundred exhibits on view in the council chamber. Most must be studied through glass cases but there is a fine collection of portraits, notably the three of Dr Johnson by his friend Sir Joshua Reynolds.

In a comparatively small room are hung, not too well, some of Reynolds' best works, not only the studies of Johnson, but also of the Italian lexicographer Joseph Bartoli, showing him morose and pent up (he was later acquitted of murdering a man in a street fight). Hester Thrale and her daughter (she disliked it, although it flattered her); and Reynolds' self-portrait, in which he stares through the glass, only half ironically, like Rembrandt, with a bust of Michelangelo in the background.

There are other portraits of Johnson, most notably by James Barry from the National Portrait Gallery (illustrated here) which emphasises the loose lips, the powerful nose, the probing eyes, the look of a man ready to expose any specious argument.

It is Johnson's fate to be better known through the portraits of his commanding presence, and from the reminiscences of his contemporaries, in particular Boswell, than by his own work. He is not much read today, and despite the efforts of Professor Robson in the excellent catalogue to make a case for Johnson the Poet, his view of life is so at odds with the current age that it is unlikely that he will return to fashion.

It is his convictions and the certainty with which he pursued

### A man of many words



them that make him such a fascinating subject. He abhorred lies above all things; believed in rigid class system while admitting few men to be his intellectual equal; clung to his old religious certainties, including hellfire, in an increasingly sceptical century; was a man of rigid principles but capable of fooling himself, especially when jealous of another poet, such

with his own account of his birth (a close run thing), moving through his early Latin exercises to a page from his Oxford diary to his first years in London. There are now many mementoes of Johnson, most of which have come to light this century; there are few drafts of his work—he committed to paper from his prodigious memory so there was no need

### Antony Thorncroft at an exhibition on the life of Samuel Johnson

as the retiring Thomas Gray, clouded his critical judgment.

Johnson's life was devoted to work—he suffered from terrible self-recrimination if he felt him self-idle—and it is his work that is the subject of this exhibition.

His personal life is skated over—his origins, his sudden departure from Oxford, his marriage, his relationship with Boswell, are fleetingly touched upon. Instead we move from case to case in chronological order, starting

for re-writes. So we see in the cases the small change of his life, while the man can best be known through the portraits and through the catalogue.

This would have infuriated him, for he had little time for research, for the superficial, the second-hand. But these days exhibitions are crash courses in biography, with most of the knowledge in the catalogue and the items for display on hand to confirm that the catalogue has

got it right. For Johnson the pictures on view contribute something to our information, but even the two volumes of the Dictionary only really make sense when you have digested the catalogue article by David Fleeman on why and how it came to be written with Johnson reading copiously, marking passages which gave a good meaning to a word and then heading it over to six copyists who wrote out the entry on a slip of paper.

There are a few evocative exhibits—the silver tea pot from which dozens of cups were brewed each day; his will, through which his servant was his main beneficiary; and most poignant of all, the plaster-cast of his death mask, the features almost gentle without the hyperactive mind to animate them.

But his London is not paraded before us, nor the spirit of the age called up. The gap between the documents neatly laid out for investigation—a promissory note for £10; a volume of South's sermons with Johnson's marks, which will make entries for his Dictionary; lists of members of The Club—seem small beer, and an inadequate memorial for the personality evoked in Reynolds' 1768 portrait of Johnson, which shows him mentally wrestling within himself. Here he is not challenging the world, but his own genius, his hands gesticulating, his eyes closed. As Reynolds described him, "his mind appeared to be preying on itself; he fell into a reverie accompanied with strange antic gestures."

Perhaps it is impossible to commemorate Johnson in a conventional display. Just as the man's personality made the most impact on his contemporaries so it is in his character, his conversation, his prejudices that his genius resides. Portraits go some way towards capturing the man (and the fact that he was painted so often is a tribute to his impact); intelligent essays, notably one in the catalogue by John Wain which tackles the problems of Johnson's faith and his belief in reason, also explain why he can be regarded among the great British Englishmen.

So Sir William Rees-Mogg, who shares certain attitudes with the Doctor, has provided a didactic service in inspiring this exhibition. It will be against the grain of modern museum display techniques, and pictures apart, its appeal is very much to the scholarly. But it has produced a catalogue, compiled by Kai Kui Yung, which in its enthusiasm will send many visitors if not to reading Johnson's novel (a success), or his play (a failure), at least to the memoirs of his reverential friends.

Whether the pop video can effectively spread its influence into longer forms, without succumbing to the fractured demands of a Ken Russell, is open to question. (Alan Parker's *Pink Floyd: The Wall* is virtually a feature-length pop video. But its style of knock-on surrealism makes it a film of picturesque pieces rather than an organised whole.)

My television colleague Christopher Dunkley dealt admirably in a recent column with the rise of the pop video on TV, and the happy variation it provides from the traditional stomping under fairy lights that constitutes pop programs. If the video catalogues too the pop "promo" is now riding high, anthologised in cassettes like *Picture Music* (EMI), *Video Rock Attack* (Polygram) and *Video Hits* (Sensation (Precision)).

EMI's selection of tapes is

### Rock dreams

I have this scenario, which came to me in the form of a dream the other night, for the ultimate, all-inclusive pop video. It opens with corpses rising from a misty graveyard to the jangling falsetto of Michael Jackson's latest hit: "I'm a lycanthrope and I'm okay."

In *Soft Cell's Non-Stop Exotic Video*, for example, there is much middling malarkey descended by two witty, atmospheric numbers: "Bedtime," with its tortured bedsheet rats prowling round the wash-up liquid and general vision of Hell as refined accommodation, and "Frustration," with its psychedelic clothesline and hilarious come-alive garden gnomes. And *The Stranglers' Video Collection* is likewise enlivened, just when it is needed, by the lurid heroines of "Duchess" and the pretty picture-postcard colonials of "Golden Brown."

Although the number of "pop" directors venturing into pop video is still small—John Landis, Nicolas Roeg, Derek

### VIDEO

NEIL ANDREWS

Jarmain among the foremost—it's unlikely to be long before the Ridley Scotts, Dick Lesters and Alan Parkers are persuaded to take a keen interest. Pop promos are an area in which "British is best" at present, and at least one director, Steve Barron, has already used his reputation as a video-maker to launch himself into feature films (with the forthcoming *Electric Dreams*, incorporating pop video techniques and iconography).

Whether the pop video can effectively spread its influence into longer forms, without succumbing to the fractured demands of a Ken Russell, is open to question. (Alan Parker's *Pink Floyd: The Wall* is virtually a feature-length pop video. But its style of knock-on surrealism makes it a film of picturesque pieces rather than an organised whole.)

What one can hope for chiefly from the current trend is that TV, cinema and video itself will gain new respect for the power of the image—even the image *four*—and make the old verite concert footage, with its endless low-angle shots of singers pixillated by lights, a thing of the past. Or at least of the less frequent present.

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David Cox (W/C) 1848

Lesieur (1616-1655)

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Red Chalk Drawing—presented by Mrs Guyot in 1707

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October 29-November 5

Hand Painted Miniature

November 12-19

Hand Painted Miniature

December 3-10

Hand Painted Miniature

December 20-27

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September 20-27

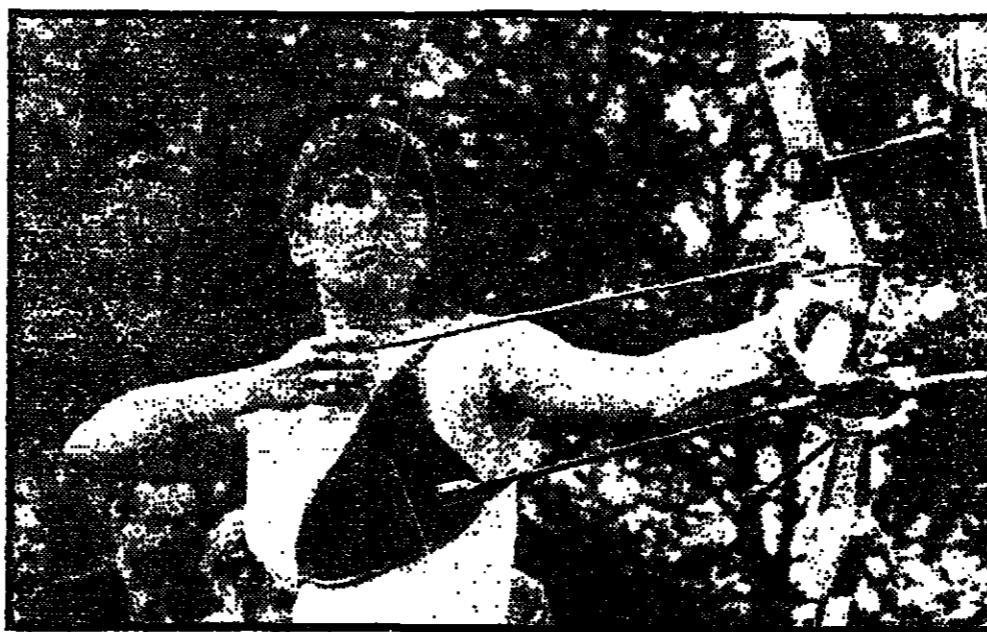
Hand Painted Miniature

October 3-10

## LEISURE



Game Fair attractions. Above: showing off a three month old Tawny eagle named Agel. Above right: Sue Wallis in the archery demonstration.



THE GAME FAIR which this year is at Broadlands, Romsey, from July 26-28, could best be described as an annual celebration of Country Sports. True, the accent is on what are emotive, described as "blood sports, but this is far from exclusive. More and more people indulge in clay pigeon shooting, tournament casting, returnable fishing and archery—all of which originated in killing animals but now are simply competitive games of skill.

Not that the Country Landowners Association, which has run the Fair since 1958, stresses the humanitarian side. The CLA is the bastion of the landed gentry, who are extremely commercially minded and if they do not fish and shoot themselves

GAME FAIR  
JOHN CHERRINGTON

are only too happy to lease out their rights for others to enjoy. And the demonstrators make it all look so easy. Jack Martin simultaneously casting with five rods when we have a job to work one properly. The silent gundogs obediently picking up dummy pheasants on demand, without a shout or whistle. An expert shattering clay pigeons with every shot. A lady archer with a bow so modern as to have a sight and windgauge, defeating her male of the species who was missing everything with the

traditional longbow. For those whose blood sports are preferably silent, how about training a falcon (just the thing to take the landlords' partridges while you look the other way)? But of course, no Game Fair visitor would do that. Ms. Jemima Parry Jones had an eagle literally eating out of her hand; "very easy to train," she said.

To conform, the sportsman has to be dressed to kill in dark olive protective clothing, of which there is an abundance together with accessories essential to every chase. There is literally something for everyone at a Game Fair—whether it be stimulating the hunting instinct or gathering ammunition for the next attack on blood sports.

## In random condition

BOOKS ARE the subject of two chapters in Lord Rothschild's new collection of essays, "Random Variables" (Collins £12.50). In 1937 he purchased a copy of the rare first edition of "Tom Jones" in its first issue, six volumes, original boards with pages torn out. It was a book he particularly wanted, but the dealer insisted that he should also buy part of the manuscript of Pope's "Essay on Man" as a condition of the sale.

Each item had fetched \$20,000 at a famous sale in New York in January 1929. At five dollars to the pound, that was £1,600. After the Wall Street crash, prices had fallen for a time as the widows of defenestrating investors sold off their collections, but we can see why Lord Rothschild regarded the £3,500 which he paid in 1937 as "a knock-down price."

He was however paying a premium for original condition. Copies of the first issue in contemporary binding were regularly available at that time for about £20. One was sold for £2. If Lord Rothschild had been content with the second issue, he could have had a copy for £1—or for 10 shillings foxed.

Personally, I have never shared the passion for books. Until the introduction of cloth in the early nineteenth century, books were designed and intended to be rebound. The unattractive temporary covers in which they arrived from the shop were no more to be regarded as essential parts of the whole than the frames of newly-purchased pictures. In reading a long novel, nobody wants to struggle with untrimmed edges which make it difficult to find the place and turn over the pages. Gentlemen who bought "Tom Jones" at the time would no more have permitted unbound books in their libraries than allowed milk bottles on the breakfast table. But I am old fashioned in such matters.

When eighteenth century books survive in original condition, it is because the first owners were poor or mean. If they are found undamaged, they have been neglected. Lord Rothschild's "Tom Jones" turned out to be a fake made up from two or more copies.



WILLIAM ST. CLAIR

racing, you don't expect to get richer with indulgence. But you pays your money and you takes your choice. For the money spent on "Tom Jones" Lord Rothschild could at the time have put together a significant collection of Shakespeare plays. He could have bought two copies of Audubon's "Birds of America" and still had £500 change for half a dozen items such as Breidenbach's illustrated "Pilgrimage to the Holy Land" of 1488. He could have bought seven London suburban hills of 127 sailors on His Majesty's Fleet.

On the other side of the comparison, Lord Rothschild's advisers in the 1800s would probably not have recommended continuous holding of oil shares. Mexico's expropriation of foreign oil interests led in 1938 to a serious confrontation and the withdrawal of British and American diplomatic representation. At home,

rents were falling, and agricultural land, in the absence of subsidy or protection, was being abandoned to the brambles. New capital issues were few and undersubscribed. Bank rate stood at 2 per cent for most of the decade. Money was fleeing the left-wing Government in France, and although the U.S. was booming under the New Deal, the fiscal deficit was horrifying. With demand for capital in depression, it was hard for the rich to find investment media. If Lord Rothschild had taken professional advice he would probably in the pre-war years have joined the crowds piling into gifts which offered 3 per cent for 20 years on an issue price of 98.

Daniel G. Siegel of Massachusetts is a different kind of collector. He worries about the moral legitimacy of owning literary treasures which ought to belong to the whole world. In 1968 he bought for \$5,000 the typescript of "Nineteen Eighty-four" with extensive corrections in the author's hand. It had been given by Sonia Orwell to a charity sale for the Children's Fund in 1952 when it fetched £50. As Mr Siegel wisely remarks, it is a good rule of thumb that the present is always expensive.

Orwell was dying at the time he wrote "Nineteen Eighty-four" but his confident rewriting shows him firmly in control. Unfortunately only about half of the typescript remains. Since most of his other manuscripts were destroyed, it is however especially fitting that Mr Siegel should allow the original to be published as a celebration of this famous year. The whole document is reproduced in fascimile in a large volume (Secker, £25) with scholarly transcription and notes.

One of the duties of the Records Department of the Ministry of Truth, it will be recalled, was to destroy superseded works of literature. In 1984 hardly any books existed of an earlier date than 1960 and people who owned them faced vapourisation. Winston Smith's secret notebook with its smooth creamy paper in which he kept his illegal diary was of a type which had not been manufactured for 40 years.

Orwell was dying at the time he wrote "Nineteen Eighty-four" but his confident rewriting shows him firmly in control. Unfortunately only about half of the typescript remains. Since most of his other manuscripts were destroyed, it is however especially fitting that Mr Siegel should allow the original to be published as a celebration of this famous year. The whole document is reproduced in fascimile in a large volume (Secker, £25) with scholarly transcription and notes.

White has hardly needed to think until now. Everything has followed the schematic layout, aided by Black's dubious QN3-Q4 knight manoeuvre and the black rook development at Q8R rather than the more active square QN1. White's latest move shows he realises the strength of his position and already seeks the fastest way to win. If now 17...P-KR3; 18 N-R7 followed by a bishop offer at KR6, while if 17...P-KN3; 18 P-R5, K-R1; 22 K-N2, R-KN1?

White can proceed to direct attack. He advances his rook pawn to KR4 (sometimes to KR5 and KR6), often brings his QN from KR2 or K3 to KR4 ready to jump in at KB6, and frequently exchanges the dark-squared bishops by B-KN5. The final stage consists of direct mate threats on the weakened dark squares or along the KR rank.

Very many games have followed this strategy with minor deviations, and an index of the attack's value is that it can still succeed in 1984 nearly 20 years after Fischer's well-publicised prototypes.

White: Bormeissner.

Black: Nonnenmacher.

K1 Attack (Yugoslavia v West Germany 1975).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-QN3; 4 KN-B3, N-KB3; 5 P-KN3, B-N2; 6 B-N2, B-K2; 7 Q-N2.

White: Hulak.

Black: Nonnenmacher.

K1 Attack (Yugoslavia v West Germany 1975).

1 P-K4, P-QB4; 2 N-RB3, P-KB3; 3 P-Q3, P-Q4; 4 QN-Q2, N-Q2; 5 P-KN3, B-N2 and Q-N2.

Its advantage is that it can

Circus  
comes to  
town

BY THEIR COLLECTING shall ye know them... It is pleasant to discover that Lord Bernstein, who as long as anyone now living can remember has been the presiding genius of the Granada entertainment empire, has for more than 50 years collected material on great shows and showmen of the past. At 85 he has decided to part with his collection; and it is to be sold in a book sale at Sotheby's on Thursday afternoon.

It is an accumulation of prints, drawings, playbills and ephemera such as could never again be assembled; and it is to be hoped that the major part may be gathered up by institutions in this country. The nucleus of the collection originated in the Gardener collection of London, which was dispersed in 1923, but Lord Bernstein and an intermediate owner, Frederick Martin, have conscientiously continued to add to it.

From the documentary aspect, the most important section is that which deals with Astley's Amphitheatre, the singular establishment on the southern side of Westminster Bridge which brought circus to England and remained for more than a century a national institution. "Dear, dear, what a picture it looked, that Astley's!" wrote Dickens. "With all the paint, gilding and loquacious glass, the vague smell of horses suggestive of coming wonders, the curtain that hid such gorgeous mysteries, the clean white sawdust down in the circus..."

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COLLECTING  
JANET MARSH

his circular riding school, and invented the English circus. The founder-members of his company were the expert horsewoman he took as his bride, and a durable star, The Little Learned Military Horse, who had cost him five pounds at Smithfield. "This here animal," he told Mrs Astley, "has eyes, bright, lively, resolute and impudent, that will look at an object with a kind of disdain." London loved the creature's displays of mind-reading and lightning calculation.

Astley's major contribution to the history of entertainment, however, was the hippodrama, spectacular melodramas and pantomimes which combined elaborate scenic effects, gorgeous costumes, glittering armour, music, song, dance and ham and always climaxed with spectacular massed equestrian displays. Early successes were "The Blood Red Knight" and "The Brare Cossack," though Astley's perennial favourites were to be "Mazeppa" and "The Battle of Waterloo."

Astley was succeeded by his son, John, another great rider, who was the toast of pre-revolutionary Paris where he was called "The English Rose." The establishment entered its period of greatest glory however with the arrival of Andrew Ducrow, Ducrow on horseback was like a god. On stage however his performances were qualified by uncertain aspirates and an tendency to malapropism. Supervising a rehearsal of "Hamlet" he gave memorable expression to what has remained the present is always expensive.

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# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
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Saturday July 21 1984

## The question of confidence

THE City's response to peace in the docks has been decidedly subdued; and considering how far prices fell—and how far interest rates rose—during the strike, this must be pretty disappointing to ministers. It should not be too surprising, though; they must by now be aware that their deliberately cautious approach to the central issue, the miners' strike, is not an easy one to put over either to the voting or to the investing public. The Government still clearly hopes that if Mr Scargill is given enough rope, he will contrive to hang himself. Meanwhile, however, the public sees intimidation only gently checked, apparent concessions by the coal board, and no signs of peace.

This is equally disturbing to the supposed moderate majority who are thought to prefer peace regardless of fudge (there is remarkably little evidence that any majority does think like this), and those supporters of Mrs Thatcher who saw in her the best hope of confronting and defeating union blackmail; hence the sharp fall in Tory support in the opinion polls and in the City. The fact that the dockers have probably succeeded in consolidating a scheme of employment which has always been an outrageous legislative bribe—paying dockers to do nothing makes even less sense than paying miners to dig coal at a loss—looks like fudge, not victory. Indeed, the comments of dockers' leaders suggest that this may well have been a pre-emptive strike, designed to warn off any minister who might be thinking of tampering with the dock labour scheme. The retreat at Dover partly undermined this demonstration; but since it was itself a response to intimidation from drivers who wanted to keep working, the settlement can hardly be seen as a victory for law and commonsense.

### U.S. growth

The City, then, does not see much to celebrate; but it would probably be in a subdued mood at the moment even if neither strike had ever started. The cause, as throughout the year, is to be sought in the U.S. Growth still seems to be going at a rate well beyond what any forecaster regarded as remotely probable, let alone sustainable. Meanwhile, U.S. industry raises its output targets and investment spending, and the U.S. Treasury seeks new ways of tempting funds from abroad to finance this continuing boom. In New York Dr Henry Kaufman, that perennial pessimist, sees interest rates rising ever higher. This would indeed be probable if U.S. credit demand had to be met from internal sources. Foreign markets, which naturally

ally have a less insular view, see rather that U.S. demand is likely to suck liquidity out of their own markets, depressing prices and holding up interest rates for the foreseeable future.

People whose thinking is still locked into our own historic obsession with the balance of payments regard the American situation as some sort of breach in the laws of nature. Surely, they argue, it is impossible for a country to run a deficit of \$100bn—a hundred thousand million dollars—year after year. Yet the exchange markets say daily that there is an international shortage of dollars.

One probable reason is that the U.S. deficit is not as big as the official figures suggest. There is a residual error in world balance of payments statistics as big as the U.S. deficit itself. For some undetermined reason, the figures persistently overstate the trade deficits of the world. It is only natural to suppose that part of that overstatement applies to the U.S. deficit. But America certainly is in deficit, and certainly is attracting foreign capital. What the exchange rate tells us is that the actual deficit, whatever it may be, is not supplying enough dollars to meet world investment demand, both to buy U.S. securities and to repay debt to U.S. banks.

### Indefinite

So far as the markets are concerned then, the present situation can persist indefinitely, and for two strong reasons. The U.S. is still the world's strongest and most technically advanced economy. An excellent home for funds, and U.S. borrowers can always outbid those in other countries for the available supply of credit, because they have bigger tax privileges as borrowers. The countries which supply the funds could protect their domestic borrowers with taxes designed to make foreign investment less attractive, as the Americans themselves used to do. But partly because they fear that this would simply push credit markets offshore—as it did when the Eurodollar market was created—and partly because the Americans themselves used to do, the Democrats' weaknesses as both sides battle openly for the votes of the American middle classes.

With officially registered Democrats outnumbering Republicans, it is this ground that Mr Reagan will have to hold if he is to repeat his winning performance of 1980. If he has so far seemed to be a long way ahead in the opinion polls, that has largely been due, in the view of most political experts, to Mr Mondale's weaknesses as much as his own strengths.

With the Democratic leadership looking indecisive, and even self-doubting, an even greater burden will fall on Ms Ferraro's shoulders. And yesterday's post-convention euphoria here, when widely credited with having "reached out" to groups ranging from blacks and Hispanics to conservative southerners and liberal easterners, The fact remains, however, that many southerners and westerners—particularly Californians—are suspicious of her. New York, blue collar credentials, which are not that different from Mr Mondale's.

The Mondale-Ferraro ticket, while balanced by her gender,

Criminals should be put be-

hind bars, the former prosecutor told the convention in the political sense of straight-forwardness and the challenge of moving out from their bastions in the north and north-east—now sometimes disparagingly called the "rust belt" in tribute to its declining industries—if they are to recapture a national majority.

It is not inconceivable that Mr Mondale could defeat Mr Reagan in November—particularly if something goes seriously wrong with the U.S. economy, the banking system or the world in general—but the odds for the moment must be heavily against it. In spite of winning the official presidential nomination in a comparatively subdued but well

out how to respond.

It is clear, however, that it will try to attack Ms Ferraro's relative inexperience and sometimes raw political judgment—rather than overtly challenging her for being a woman—as both sides battle openly for the votes of the American middle classes.

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THE New Statesman has a leading article this week headed "Maggie's latest banana skin" or words to that effect.

It is a mark of how long the saga has gone on that one had to think quite hard what it could possibly be: Was it the court ruling on GCHQ Cheltenham, or wasn't that on Monday? Or had there been another latest, latest banana skin when one wasn't looking? It is also a mark of how frivolous British politics has become this summer.

I persist in thinking that although the Government keeps falling on its face, there is nothing seriously wrong. There is, after all, a difference between a tendency to trip over bananas, to which the Government is prone, and actually going bananas, which the Government has not. It is a matter of ups and downs, of measuring the short-term headlines against the longer-term trends.

To give an initial illustration: the miners' strike looks rather less worrying today than it did at this time last week. The reason is that the dockers have gone back to work. The Government no longer has to fight on two fronts. Also, the markets, which were giving rise to concern 10 days ago, have gone relatively quiet. Last week was an "up" week for Mr Arthur Scargill of the National Union of Miners. This week was a "down" week.

It has been a "down" week for the Labour Party, too, as it has been a "down" summer, despite the Marlow poll in yesterday's *Guardian* suggesting that the Party has a 41 point lead over the Tories, if there were to be a general election tomorrow, which incidentally there will not.

It has been a "down" summer because while Labour has been occasionally capable of embarrassing the Government—though some people would say the Government simply embarrasses itself—it has never looked remotely capable of replacing it.

The Parliamentary Labour Party has not even put down a vote of no confidence in HMG in the House of Commons. Indeed, such a vote would attract much more respect and interest if it were tabled by Dr David Owen of the Social Democrats. Some Tories might then have to think about abstaining, even though they wouldn't do so.

Dr Owen reminds one of France, where most of the serious policies have been happening this week. If we had the French system of politics in Britain there would be no doubt about it. Mrs Thatcher would be President and would appoint Dr Owen Prime Minister in the next reshuffle. It would be an acknowledgement that the President can be slightly above party politics and an appreciation of the fact that younger people are coming on who have recognised



President Mitterrand and Mrs Thatcher

It is necessary to build on it. The other is that if France can appoint someone of M Delors's stature to the Commission, there ought to be some rapid rethinking about the rest of the nominations in other capitals. It would be rather good, for instance, if Italy were to put up Sig Emilio Colombo for foreign affairs.

And there is a thought at home. Mr Cecil Parkinson, who withdrew from Mrs Thatcher's Cabinet shortly after the general election, still has not quite decided about his future. It is more likely to be in industry than a return to high political office. But he has always been very interested in trade policy. He would make an excellent member of a newly active Brussels Commission. A Commission composed of people like that would have a completely new authority.

Back, however, to domestic politics. Of course, the Government is in trouble, and in the short term at least, there is something wrong with its style and presentation. There is an air of school swats sitting in the Policy Unit in No. 10 Downing Street and ticking off the number of things that have to be done, like the reform of rural buses, and not putting it all together.

Yet it would be wrong to think that the Government is as foolish or even as accidentally as it sometimes looks. It

would be the height of naivety to assume that it does not realise that there is a major test going on. It is the miners strike.

Mrs Thatcher has probably made some mistakes: for instance, by trying to keep up the pretence that she is not intervening. The Government is intervening all the time, as it is bound to do in an industry which is subsidised by the taxpayer.

It also sometimes touches on the picket lines. If Mr Scargill could organise a few more forces so that there was a pitched battle with the police, nobody knows what might happen. Yet, equally, hardly anyone is more aware of that than the Home Office—and perhaps Mr Scargill. There is no doubt that there is a potential crisis.

The interesting fact is that it has not yet happened. This is not only the longest miners' strike, but also the least effective in terms of what it is doing to the economy.

It is worth considering the possibility that the Government, for all its troubles, is being very wise by trying to sit it out: not panicking, not issuing dramatic appeals on television and still less talking about who governs Britain. At the end of the day there will have to be some discussion of the definitions of success and failure—how many pits to be closed and so on—but the Government may win.

## POLITICS TODAY

# If Mrs Thatcher were President...

By Malcolm Rutherford

how much the political ground has changed in the last few years. It might also serve to encourage les autres. However, the option is not easily available.

Still, there are probably more similarities between French and British politics than generally meet the eye—the social and economic conditions in the two countries are not all that much different.

The French Communist Party is broadly the equivalent of the far left of the Labour Party. It is a separate party partly because of history and partly because of the French electoral system.

But the big British parties are coalitions, too, and the Alliance avowedly so. The only real difference is that in Britain the far left chose to stay in the Labour Party because it was the only hope of gaining political power. In France socialists and communists coalesced for the same reason. The electoral system dictated it.

The Communists have now gone from the Government. One would guess, though it is not entirely clear, that President Mitterrand would have preferred to keep them in for a while longer, if only because they might cause more trouble from outside: on the streets, for example.

But there is a wider point. President Mitterrand has been trying to develop a Socialist Party that is to borrow a parallel in French politics. The

government. He needed the far left for a time in order for the moderate left to come out on top.

Perhaps it was social democracy rather than socialism that he was aiming at. Anyway, Hugh Gaitskell would have understood what he was up to. So, no doubt, do Lord Wilson, Mr James Callaghan and Herr Helmut Schmidt. All of them recognised that you had to work with the left and have some sympathy with it, but to run a successful government and to stand a chance of being re-elected you had to be closer to the centre.

There was another way in which French policy changed shortly after President Mitterrand came to power. At the start, he stuck to the common programme with the Communists, including the nationalisation of major French companies, perhaps because, like Harold Wilson in February 1974, he had not expected to win.

Then he changed. French economic policy now is rather like British economic policy when Mr Denis Healey was Chancellor of the Exchequer in the late 1970s, except that the French, being French, kept out the International Monetary Fund. M Jacques Delors became a perfectly orthodox Finance Minister—with M Mitterrand's support.

There is a further internal parallel in French politics. The

French withdrawal from the European Commission of Nato under General de Gaulle. They have since become one of the stalwarts of western European defence. It's just that they don't much like the full international label.

Yet even the French are changing. Possibly the most intriguing political news of the week was not the appointment of M Laurent Fabius as the new Prime Minister at the age of 37—younger even than Dr Owen. It was the naming of M Delors as the president of the European Commission.

M Delors is a big figure, and one does not appear to have fallen out of favour with President Mitterrand. His appointment will not change the face of Europe, but it should certainly change the face of the Commission. Not since Mr Roy Jenkins took over eight years ago has there been a president of comparable political stature, and it is arguable that Mr Jenkins was already on the way down in terms of reputation because he had been quarrelling with his party. M Delors has not done that. He is a man whose standing is high.

Two conclusions flow from that. One is that the French are taking the Community very seriously. It may even be that the settlement of the British budgetary dispute and the apparent general reconciliation between London, Paris and Bonn has far and away the most important development in European politics this year.

**Sponsorship and the Tournament**

WHAT you may ask, is the Royal Navy doing with Matchbox toys, or why are police dogs chasing Lawson champagne bottles and what can the Master Butcher be up to with the Royal Horse Artillery?

The answer is, making spectacles of themselves. Not just once but 30 times altogether, in front of an estimated live audience of 300,000 and a further 6.5m on television. Sponsorship is the name of this game and what better place to get noticed if you are a go-ahead commercial outfit than that hardy British annual at this time of year, the Royal Tournament, much-loved magnet of royalty, tourists and service families.

More than 20 major companies have queued up for the privilege of banding their names around the Earls Court arena in the Tournament's most sponsored year yet. Names like National Westminster Bank, Everest Double Glazing, Johnny Walker, British Home Stores, Wilkinson Sword, and McDonalds will pay anything from £10,000 upwards to back an event, though you can get away with £1,000 for a single event in a single performance. Sponsors are contributing some £200,000 this year to the overall £1m bill for mounting the extravaganza.

It suits everyone. "It is of great value to us," says director Colonel Iain Ferguson. "It enables us to keep ticket prices down as we range from £1.50 to £8.50" otherwise we would be in danger of losing much of our ex-service audience which could not normally afford London ticket prices. It also helps towards the end-of-day cheque

donated to service charities of some £55,000."

Besides hamper in the arena, sponsors set up part of the programme, credit in the commentary and on the electronic message-mailer during the event itself, a stand in the surrounding exhibition hall, and, if they're lucky, television coverage.

The links between sponsor and sponsored may sound tenuous but in the marketing man's mind are far from random. Britvic, for instance, which backs the Royal Navy Field Gun Competition lists a number of reasons why it fits in with the health, fitness and perfection image of the soft drink; it reaches the right target "family" audience, it links its brand to a prestigious "heritage" event and it is useful for trade entertaining.

**Contributors**

Eva Kalinowska  
John Harrison  
Feona McEwan  
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## Petrol Retailing

# The lottery war on the garage forecourts

By Dominic Lawson

ON MONDAY Shell is to launch the latest in a series of forecourt games that the oil industry has been showering on the motorist over the last six months. In a business where sheep-like adherence to fashion is the norm, petrol retailers have decided that nothing gains market share like a lottery.

But, as the newspaper bingo magnates have already realised, once the public is hooked on a gamble, it needs ever-larger doses of the drug. So Shell, in this latest game, Mastermind, based on the image of the BBC TV programme, is offering well over 3m prizes, at a rate of over £10,000 could be won.

It would, however, be unfair to cast Shell—which is racing neck and neck with Esso for leadership of the UK petrol market—in the role of slavish follower of fashion. In fact, Shell started the whole escapade back in February, with its "Make Money with Shell" campaign. This gave customers at its 2,800 retail outlets envelopes with halved imitation banknotes. If matched up successfully, prizes of up to £10,000 could be won.

There was an immediate impact on sales. Turnover gains of at least 20 per cent became the norm at Shell petrol stations, and in an industry where sales volume is virtually static, that was extricating for some of its major competitors.

Mastermind, called "Money Match" was probably the most successful of the oil companies' games.

At a press conference shortly after Shell's game was launched Sir Peter Walters, BP's chairman, denounced what he termed "silly games." But within a week BP's retailers were forced to match the competition. Their game, called "Money Match" was extraordinarily similar to Shell's effort, but offered a top prize of £20,000, double Shell's.

Motorists with long memories will remember that in the innocent pre-oil shock days of 1986, Shell launched the original "Make Money" competition, which gained it a temporary sales increase of about 80 per cent. That was against the background of a growing market, however, and for some reason Shell's competitors did not follow with games of their own. Instead, their less effective promotions involved the giving away of such objects as imitation coins and cheap French glasses.

beginning of June, Mobil joined in, with a game based on Scrabble. Competitors had to form certain key words with letters given away by the U.S. oil company. Best of all was the word "Mobil," with a red "c." That won £50,000.

The games boom has given amateur forgers a great opportunity to practise their art. A Mobil executive says: "Our legal department has been working flat out to detect a spate of attempted forgeries. We have had people painting black letters 'c' red and other competitors chopping off the bottoms of letters in an attempt to form a key word." One customer formed the word "Audi," which would have won him the enormous car. Unfortunately, in his rush to claim his prize, he lost the "d" letter. According to Mobil, "he was on the phone to us for about 20 minutes, weeping uncontrollably."

Perhaps the biggest beneficiary of Mobil's game has been J.W. Spear, the manufacturer of Scrabble. There has been an unprecedented summer-time boom in sales of the game.

A key aim of the forecourt games is to encourage brand loyalty. But here the oil companies' hopes have been dashed. Once the games end, in sales volume disappears.

And, in an industry which is currently at best only marginally profitable, the sales rise caused by a game has to be very large to result in sufficient bottom line income gains to offset the £2m plus cost of a lottery.

A further danger, noted by BP, is that the smaller independents, unable to compete with national games, will be even more aggressive on prices. As with the Green Shield stamps era, there is a risk that the games fad may have its own relentless inflationary cycle.

According to Shell UK Oil's sales manager John Smeddle, "we could mount a game which would be so dramatic that we would be gain a massive increase in sales. But this would be very disruptive to the industry, and so we won't do it." And what is the game, dreamt up by the marketing men at Shell Central? "I'd rather not say," says Mr Smeddle. "Someone might do it."

With Shell, BP and Esso and Texaco involved, no fewer than two thirds of the petrol market were playing games. At the

## BUILDING SOCIETY RATES

	Share	Subsidy	etc	shares	Others				
	%	%		%	%				
Abbey National	6.25	7.25	7.25	Seven-day account					
				7.75	Higher interest acc. 90 days' notice or charge				
				5.00-6.50	Check-in/save				
Aid to Thrift	7.50	—	—	Easy withdrawal, no penalty					
Alliance	6.25	7.25	7.25	Monthly income—1 mth's notice. 7.50 £2,500+					
				7.50 28 d. not. wdl. 28 d. pen. if bal. und. £10,000					
Anglia	6.25	7.25	7.25	7 days' notice. No notice. 3 months' penalty					
				7.75 Capital share. No notice. 1 month's penalty					
Barnsley	6.25	8.00	8.00	7 days' notice. No notice penalty					
Birmingham and Bridgwater	6.25	7.75	7.25	5 days' notice or 20 days' int. penalty £500 min.					
				7.75 Guaranteed fixed rate. 12 months £500 min.					
Bradford and Bingley	7.75	8.75	8.00	Premium Access. On demand, no penalty					
				8.00 High yield SAYE 7-year lump sum scheme					
Britannia	6.25	7.25	7.25	7 days' notice. 7.50 28 d. notice					
				7.75 28 d. notice, 7.75 3 months' notice					
Cardiff	7.25	7.75	7.50	Share account balance £10,000 and over					
				7.50 Jubilee bond. Min £1,000. Monthly income					
Catholic	6.50	7.50	7.50	permanent. 7.75 variable. 2/3 years					
Century (Edinburgh)	7.85	—	—	Chelsea	6.25	7.25	8.00	3 years. Immediate withdrawal interest rates	
				7.50 Gold account £1,000+. No notice. No penalties					
Cheltenham and Gloucester	6.25	7.25	7.25	Monthly int. £5,000+ 7.76 if added to account					
				7.76 Account no penalty. Double option 7.50					
Citizens Regency	6.50	8.00	7.40	6 months' notice no penalty. Double option 7.50					
City of London (The)	6.50	7.25	8.00	6 months' notice—no penalty during notice					
Derbyshire	6.25	7.50	7.25	12.5 months' notice					
Gateway	6.25	7.25	7.25	£1,000+ £7.50 £10,000+ Gold Star					
Greenwich	6.25	7.50	7.50	7.50-7.80 subject to balance/7 days' notice					
Guardian	6.50	—	—	7.75 6 months, 7.75 3 months, £1,000 minimum					
Halifax	6.25	7.25	7.25	7.75 28 d. Xtra. 28 days' notice, no penalty					
				7.75 90-day Xtra. 90 days' notice, 7.50 5-day notice					
Heart of England	6.25	7.50	7.50	7.75 28 d. notice, 7.75 3 months' notice					
Hemel Hempstead	6.25	7.50	8.00</td						



## UK COMPANIES

Companies and Markets

## INTERNATIONAL COMPANIES and FINANCE

## RESULTS DUE NEXT WEEK

ICI took the City by surprise with bumper first quarter profits, leading forecasters to revise upwards their numbers for the three months to the end of June, for which results will be revealed on Thursday. Agricultural sales, which always make this quarter ICI's best, will be particularly strong following the successful launch in the U.S. last year of the herbicide Fusilade. Pharmaceuticals will profit from the boost to U.S. business from the strong dollar and from the recent launch of the beta-blocker Tenormin in Japan. In the cyclical industries—fibres, petrochemicals and plastics—demand is still strong, and the decline of sterling against the Deutsche Mark has given ICI an extra edge over its German competitor. City predictions for the quarter fall into a wide range from £260m to £300m, against £170m last year. There is more agreement on a dividend increase from 10p net to 12p, taking the company another step to its target of restoring payments in real terms to the levels of 1979.

British's current fortunes depend more on the world markets than on its own efforts. The interim results for the period to the end of June, due on Friday, should reflect a modest increase in North Sea oil and gas production, though Britoil will lose out from redetermination—the process by which partners in different fields adjust the shares due to each of them as a field is exploited. But a far greater influence on the profit and loss account will be the decline in sterling over the past year, which will more than offset the fall in the dollar price of oil. Net profits should already show the benefits of the Budget in the form of lower tax charges following the reduction in the rate of corporation tax. The City is expecting to see net profits of £70-£75m (£33.2m)—a figure which is stated after notional losses of about £12m on Britoil's foreign debt, which arises from revaluing this debt in sterling at the end of the period.

Following Marks and Spencer's caution at its recent AGM over the progress of the store's clothing sales in the first half, the City is expecting no great fireworks from Nottingham Manufacturing, when it reports on the six months to June on Monday. Over half of Nottingham's sales go to M and S, although it is more oriented towards menswear than the weather sensitive women's market, which has been most severely hit. Nevertheless, it seems unlikely that M and S will have allowed Nottingham room for real price increases. Carpets, representing some 20 per cent of turnover, are expected to turn in static or lower profits reflecting the strain inflicted on

Company Dividend (p)<sup>\*</sup> Announce- ment due Last year Final Int. Int.

Tuesday	2.25	3.41	2.4255
Thursday	—	4.5	—
Tuesday	1.75	2.5	—
Wednesday	0.75	1.0	—
Friday	0.385	1.0	0.44
Monday	1.2	2.2	1.3
Friday	2.0	2.94	2.03
Wednesday	4.0	7.5	3.0
Tuesday	—	1.25	—
Monday	—	2.0	—
Monday	—	5.0	1.0
Wednesday	—	0.75	—
Wednesday	0.68557	1.0	—
Wednesday	—	1.5	—
Monday	—	1.25	0.75
Monday	0.525	0.775	0.6

INTERIM DIVIDENDS

Affiliated Textiles Companies	2.82	4.42
Bank Leumi (UK)	3.15	7.0
Barlow Holdings	1.0	3.4
Batson	—	6.7
Consultants (Computer and Financial)	1.8	4.2
Crescent Japan Investment Trust	—	0.3
CSC Investment Trust	3.5	4.75
Derby Trust	11.076	13.524
Edith Trust	—	0.85
European Assets Trust	10.0	14.0
Imperial Chemical Industries	1.0	1.9
Jacobs, John I.	0.2	2.0
Ladies' Prie	—	0.57
Land Investment Trust	—	3.6
Lex Services	3.75	6.0
M. and G. Dual Trust	10.0	13.25
Midland Bank	11.0	14.5
New Tokyo Investment Trust	—	0.225
Northumbrian Manufacturing Company	1.35	4.85
Syndicate	—	0.5
Temple Bar Investment Trust	1.5	2.7
Union Carbide Corporation	—	2.9
Willooiby's Consolidated	—	10.0

\* Dividends are shown in pence per share and are adjusted for any intervening scrip issues. <sup>†</sup> First quarter figures.

F and C Eurotrust

Tuesday	—	1.55	—
Monday	0.75	1.55	0.8
Tuesday	0.72747	1.55005	0.8
Thursday	2.25	5.25	—
Friday	—	2.0	—
Friday	0.825	1.544	—

## BIDS AND DEALS IN BRIEF

Morgan Crucible Company, through its U.S. subsidiary Morgan, has acquired the mechanical carbon seal business of the Union Carbide Corporation for \$1.7m. Carbide's seal business, currently located in Greenville, South Carolina, will be relocated to Dunn, North Carolina, the headquarters of Morganite.

The newly acquired business manufacturers industrial seals for pumps and compressors as well as specialist seals for commercial and military jet engines.

Lazard Brothers, the merchant bank, discovered previously undisclosed holdings in its associate Pearson, the publishing, financial services and industrial group.

The bank said yesterday that in its Jersey subsidiary it had found shares to add to the total held on behalf of clients, who include the Pearson founding family.

Lazard said it held 22,138 per cent of Pearson ordinary shares, not 15.2 per cent as previously announced. The total of preference shares is now put at 36,338 per cent, not 25.4 per cent.

Law Land shareholders have authorised the company to make market purchases of its own shares up to a maximum price equal to 105 per cent of the average market price of the shares in the previous three

The Board intends to take advantage of these powers immediately.

The company has instructed its brokers to purchase up to a maximum of 1m shares in the market at a maximum price of 136p during the period beginning on July 23, and ending on July 27 1984.

\* \* \*

The board of Glossop, the bridge-based public works contractor, has entered into discussions with a third party, which it says, may result in an offer being made for the company. Glossop's shares yesterday jumped by 19p to 65p giving a market capitalisation of £4.77m.

\* \* \*

H P Bulmer Holdings announces that its proposed 35.6m of Red Check, the apple juice business, has been approved by the shareholders of Red Check and its associated co-operative, Carolina Apple Processors Co-operative. Red Check is a U.S. apple growers' co-operative.

\* \* \*

KLP Group has agreed to acquire freehold interest in the offices it presently rents at 1, Craven Hill, London W2, for a total consideration of £1.09m to be met by the issue of 477,100 new ordinary shares which are being placed on behalf of the vendors, the Jewish Blind

Centre, the weaker

Companies and Markets

## INTERNATIONAL COMPANIES and FINANCE

## RESULTS DUE NEXT WEEK

## FCA shows sharp decline in second quarter income

BY WILLIAM HALL IN NEW YORK

FINANCIAL CORPORATION

of America (FCA), the biggest U.S. thrift company which faces regulatory pressure to reduce its rapid growth, has reported a 50 per cent drop in second quarter earnings per share to 60 cents.

The group, whose assets

have jumped by 44 per cent to

\$32.7bn since the end of last

year, yesterday reported a 22

per cent drop in net income to

\$31.3m. The much sharper drop

in earnings per share reflects

the 54 per cent growth in average shares outstanding following

the acquisition of First

Charter Financial in August

1983.

Mr Charles Knapp, the chairman, said yesterday that the mortgage loan market during the second quarter continued to be intensely competitive and mortgage rates in general lagged behind the rapid rise in the cost of funds, placing increased pressure on profit margins.

The group's American Savings and Loan subsidiary, which operates 122 branches in California, produced a record \$4.3bn of deposit growth, providing the company with the funds necessary to continue its strategic growth policy.

Mr Knapp said: "About 51 per cent of the \$25bn of deposits at end-

June were retail. Loan volume, which consists of loan originations and purchases, and purchases of Ginnie-Mae certificates, reached \$5.7bn in the latest quarter with a weighted average yield of 12.92 per cent.

The aggregate spread-average yield on all earning assets over the average rate paid for all funds—for the quarter was 2.73 per cent, compared with 3.65 per cent in the first quarter.

"We continue to plan for a stable-to-higher rate environment and expect that if such a trend continues, within reason, we will have an excellent second half," Mr Knapp said.

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"We continue to plan for a stable-to-higher rate environment and expect that if such a trend continues, within reason, we will have an excellent second half," Mr Knapp said.

Under the agreement, QAF and Ben will complete a share swap under which QAF will acquire 47.1m newly-issued Ben shares for \$80.79 each in exchange for all QAF's 37.25m shares. In a parallel step, Straits will sell to QAF 25.35m of its shares in Ben, also for \$80.79 each.

The effect of the deal will be to give QAF 65 per cent of the enlarged capital of Ben, while Straits will retain 15.62 per cent of the company. QAF will then make a cash bid for remaining Ben shares at \$80.79.

In addition, QAF plans to offer part of its resulting stockholding—probably 10 or 15 per cent of the company—to members of the Brunei public at \$80.79.

The arrangement brings together, in Ben, Brunei's fastest-growing conglomerate, and the Singapore government-controlled Keppel Shipyard, which took over Straits Steamship last year and is now making the first major rationalisation of its vast interests.

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# WORLD STOCK MARKETS

## NEW YORK

Stock	July 19	July 15	Stock	July 19	July 15									
ACF Industries	657a	637a	St. At. Pco. Test	105a	105a	Mohasco	174a	174a	Schlumberger	45	45a	Continental	71a	71a
AMCA	144	144	Cluett Peabody	261a	261a	Monarch Mfg.	174a	174a	Scientific Atlan.	71a	71a	Electric	71a	71a
AMCI	157a	157a	Coastal Corp	228a	228a	Monstanto	441a	424a	SCM	271a	271a	Blue Chips	71a	71a
AMR Corp.	524a	524a	Colgate Palm.	584a	584a	More Mfg. Mkt.	202a	202a	SCM Paper	270a	270a	International	71a	71a
APA	521a	521a	Com. Alumin.	521a	521a	Grocery	197a	197a	Seafarers	231a	231a	Government	71a	71a
ASA	492a	502a	Coit Inds.	424a	434a	Herriman Knit.	274a	274a	Sea Containers	231a	231a	International	71a	71a
AVX Corp.	189a	194a	Columbia Gas	29	31	Morten-Nikel	72a	73a	Seagram	321a	321a	International	71a	71a
Avon Prod.	161a	161a	Combined Int'l.	228a	228a	Motors	151a	151a	Seasider	224a	224a	International	71a	71a
Acme Clever	17a	17a	Commonwealth	231a	231a	Munitions	151a	151a	Seasider Corp.	105a	105a	International	71a	71a
Adobe Oil & Gas	17a	17a	Crown Satelite	288a	288a	NBD Bazaar	414a	407a	Security Pac.	421a	421a	International	71a	71a
Advanced Micro	259a	259a	Gulf States Wd.	105a	105a	Murphy Oil	281a	281a	Sedco	341a	351a	International	71a	71a
Actua Life & Gas	28a	28a	Gulf (FB)	209a	207a	Nabisco Brads.	451a	451a	Shell Trans.	261a	261a	International	71a	71a
Albermarle (H.F.)	184a	184a	Halliburton	35a	44a	Nalco Chem.	55a	52a	Sherwin Wm.	261a	261a	International	71a	71a
Alfa Produc.	161a	161a	Hanover Corp.	111a	111a	Nat. Dist. Chem.	25a	25a	Sig. Aldrich	435a	434a	International	71a	71a
Alberto Culv.	85a	85a	Harcourt Brac.	28a	28a	Nat. Syspres.	28a	28a	Signal	251a	251a	International	71a	71a
Albertson's	85a	85a	Harris Corp.	781a	777a	Nat. Medcial Est.	191a	191a	Siemens	224a	224a	International	71a	71a
Alcan Aluminum	254a	254a	Hause Mining	18a	18a	Nat. Semicond.	24a	24a	Siemens	224a	224a	International	71a	71a
Alcatel S.A.	189a	189a	Hausner	201a	201a	NBD Bazaar	414a	407a	Siemens	224a	224a	International	71a	71a
Allegheny Int'l.	81a	81a	Hawthorne & P.	35a	35a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Allegheny Power	261a	261a	Hercules	32a	32a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Allied Banchs.	222a	222a	Hewlett Pack.	47a	47a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Allied Corp.	301a	301a	Hilites Pktd.	61a	61a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Allis Chalmers	85a	85a	Hilton Hotels	481a	482a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Alpha Portland	243a	243a	Hitschi	321a	321a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Alcoa	82a	82a	Holiday Inns	37a	37a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Almar	18a	18a	Holy Sugar	25a	25a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Almetco Hess	274a	274a	Honeywell	497a	495a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Brads	57	57	Hoover	251a	251a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Broadcast	62	62	Houmo Univ	212a	212a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Cyanamid	45a	45a	Houmo Corp.	409a	407a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Elect. Power	17a	17a	Houmo Ind.	251a	251a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Gen. Insured	203a	203a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Hoist & Dk	91a	91a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Home Prod.	45a	45a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Int'l. Corp.	521a	521a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Hose Supply	304a	311a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Metal Int'l	21	21	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Nat. Reses.	301a	301a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Petrofina	53a	54a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Steel & Pipe	241a	241a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Stand.	251a	251a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Stores	237a	237a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. T. & T.	18a	18a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Amer. Ind.	157a	157a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Elect. Power	17a	17a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Gen. Ind.	203a	203a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Hoist & Dk	91a	91a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Int'l. Corp.	521a	521a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
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Am. Stand.	251a	251a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
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Am. T. & T.	18a	18a	Houmo Nat	471a	471a	NBB Bazaar	55a	55a	Siemens	224a	224a	International	71a	71a
Am. Amer. Ind.	157a	157a	Houmo Nat	471a	471a	NBB Bazaar	55a							

## Companies and Markets

## FOREIGN EXCHANGES

## Dollar firm

The dollar was firmer in currency markets yesterday and its trade weighted index equalled the record high attained on Wednesday of 136.9 up from 136.3 on Thursday. Demand for the dollar was based on rumours that next week's U.S. second quarter GNP figures would be revised upwards, giving rise to fears of further U.S. interest rates in order to control any possible increase in money supply and inflation.

Dollar settled slightly above a low point when the U.S. Federal authorities started the New York money market to drain reserves with Federal funds quoted at 11 per cent. The dollar closed in London at DM 2.8580, close to the day's high of DM 2.8585 and up from the last quotation on Thursday

of DM 2.8445. It was also higher against the Swiss franc from SwFr 2.4175 from SwFr 2.4070 and Yen 124.85 compared with Yen 124.50. Against the French franc it rose to FF 8.7620 from FF 8.7520.

Sterling finished slightly firmer on a trade weighted basis. The Bank of England's index rose to 78.7 from 78.6, having stood at 78.7 at noon and 78.8 in the morning. Hopes of a settlement

in New York (latest)

July 20 Prev. close  
Spot 161.2945-2955 161.2955-2965  
1 month Par 0.05 0.05  
1 month 0.07-0.08 0.11-0.09  
1 month 1.85-1.70 1.80-1.75

E forward, rates in U.S. cents discount.

## OTHER CURRENCIES

	July 20	£	\$	Notes Rate
Argentina Peso	75.19-75.34	56.86-56.92	Austria	26.40-26.57
Australia Dollar	1.985-1.6015	1.8100-1.2110	Belgium	76.70-77.50
Brazil Cruzeiro	2.40-2.45	1.60-1.64	Denmark	15.75-15.89
Canada Dollar	1.0700-1.0750	1.0700-1.0750	Germany	5.75-5.80
French Franc	149.60-149.40	13.10-13.10	Hong Kong Dollar	10.35-10.37
Greek Drachma	1.05-1.06	1.05-1.06	Italy	2.80-2.85
Hong Kong Dollar	10.35-10.37	7.8300-7.8350	Japan	89.80-89.85
Iranian Rial	11.98-12.00	1.00-1.00	Malta	3.25-3.25
Malta Lira	0.50-0.50	0.50-0.50	Malta Lira	3.25-3.25
Luxembourg Franc	7.645-7.675	57.77-57.82	Norway	10.88-10.91
Malaysia Dollar	8.1060-8.1150	2.8400-2.8500	Portugal	1.95-2.01
New Zealand Dollar	2.0700-2.0750	2.0000-2.0100	Spain	5.61-5.61
Swiss Franc	1.05-1.06	1.05-1.06	Sweden	16.85-17.02
Singapore Dollar	2.8450-2.8510	2.1495-2.1510	Switzerland	3.15-3.21
S. African Rand	1.9745-1.9775	1.4215-1.4285	United States	1.51-1.535
U.A.E. Dirham	4.8560-4.8630	3.6720-3.6750	Yugoslavia	189-201

\* Selling rate.

## EXCHANGE CROSS RATES

	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canadian Dollar	Belgian Franc
U.S. Dollar	1.755	1.524	5.795	325.8	3.905	4.270	2354	1.758	76.50	87.60
Deutschmark	0.256	0.350	1.000	85.00	0.847	1.129	0.485	20.22		
Japanese Yen 1,000	5.089	4.090	11.66	1000	32.86	32.86	1.129	226.3		
French Franc 10	0.861	1.140	3.232	278.9	1.0	2.768	2001	1.514	65.89	
Swiss Franc	0.812	0.413	1.121	101.1	3.625	1.333	0.549	23.89		
Dutch Guilder	0.234	0.310	0.885	75.85	0.719	0.750	1.641	0.412	17.92	82.92
Italian Lira 1,000	0.430	0.570	1.628	129.3	1.378	1.638	1.000	0.757		
Canadian Dollar	0.569	0.783	2.152	184.2	1.822	2.429	1322	1.435	43.52	
Belgian Franc 100	1.507	1.731	4.344	428.2	4.186	4.882	3.037	2.298	100.	

Asian S (closing rates in Singapore): Short-term 11%-11% per cent; seven days 11%-11% per cent; one month 11%-11% per cent; three months 12%-12% per cent; four years 13%-13% per cent; five years 14%-14% per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others three days' notice.

## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

in the dock strike helped sterling. It last ground against a firm dollar but improved against European currencies. It closed at \$1.3235-1.3245, a fall of 25 points but improved against the

D-mark to DM 3.7825 from DM 3.7775 and SwFr 3.2025 compared with SwFr 3.1975. Against European currencies, it closed at Yen 123.0 and FF 11.61 from FF 11.60.

## THE POUND SPOT AND FORWARD

July 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. Dollar	1.3215-1.3220	1.3225-1.3235	0.07-0.02c	0.41	par-0.05	0.07
Canada	4.254-4.277	4.261-4.277	0.07-0.02c	0.50	0.28-0.18	0.85
Netherlands	1.1700-1.0700	1.0700-1.0700	0.07-0.15c	0.78	0.40-0.54	0.85
Denmark	1.2820-1.3200	1.3220-1.3225	2.41-2.77c	5.62	5.75-5.4	5.27
Sweden	1.2820-1.3200	1.3220-1.3225	0.07-0.02c	0.39	1.33-1.30	0.42
Iceland	6.57-6.67	6.67-6.75	0.07-0.02c	1.65	1.65-1.60	1.65
Denmark	10.41-10.44	10.42-10.44	0.05-0.20c	1.35	1.30-1.25	1.30
U.S. G.	2.8440-2.8505	2.8575-2.8685	2.41-1.07c	5.54	5.25-5.0	6.01
Portugal	1.50-1.51	1.50-1.51	0.07-0.02c	1.20	0.36c-0.00	12.42
Spain	1.761-1.765	1.761-1.765	0.07-0.02c	2.24	1.22-1.20	2.76
Iceland	8.25-8.29	8.25-8.29	0.05-0.02c	1.13	1.05-1.05	0.73
France	8.7200-8.7700	8.7600-8.7650	0.05-0.02c	3.2-3	0.47	
Sweden	8.2000-8.2100	8.2000-8.2100	0.07-0.02c	1.47	2.90-2.90	0.00
Austria	19.98-20.05	20.00-20.02	0.07-0.02c	1.59	1.50-1.50	0.00
Switz.	2.4055-2.4200	2.4170-2.4190	2.41-1.07c	2.22	2.04-2.04	4.98
Belgian rate for convertible francs				7.28	8.1-8.1	7.10
Swiss franc 6 months forward				5.50	5.50-5.50	5.10

UK interest rates were easier yesterday on news of a probable settlement in the UK dock strike and sterling's better performance. The softer tone showed little true depth, however, with background concern over the possibility of further U.S. interest rates and the continuing miners' strike inhibiting any concerted downward move.

Weekend interbank money was at 12.12-12.14 per cent and touched a low of 10 per cent before firming towards the close to 13 per cent. Three-month interbank money was quoted at 14.16-16.17 per cent compared with 12.12-12.14 per cent. The Bank forecast a shortage

## MONEY MARKETS

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## LONDON MONEY RATES

July 20 1983	Starting Certificate of deposit	Interbank Deposits	Local Deposits	Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-13	12-12½	—	—	—	—	—	—	—
2 days notice	—	12-12½	12-12½	—	—	—	—	—	—	—
7 days notice	—	12-12½	12½-13	—	—	—	—	—	—	—
One month	12½-13½	12½-13½	12½-13½	12½-13½	11½-11½	11½-11½	11½-11½	11½-11½	11½-11½	11½-11½
Three months	13½-14½	13½-14½	13½-14½	13½-14½	13½-13½	13½-13½	13½-13½	13½-13½	13½-13½	13½-13½
Six months	14½-15½	14½-15½	14½-15½	14½-15½	14½-14½	14½-14½	14½-14½	14½-14½	14½-14½	14½-14½
Nine months	15½-16½	15½-16½	15½-16½	15½-16½	15½-15½	15½-15½	15½-15½	15½-15½	15½-15½	15½-15½
One year	16½-17½	16½-17½	16½-17½	16½-17½	16½-16½	16½-16½	16½-16½	16½-16½	16½-	











Financial Times Saturday July 21 1984

## INDUSTRIALS—Continued

Stock Price

Net Div. Yrs/

Div. P/E

Yds

PE

